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United States
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Economic
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March 1986

Tobacco

Outlook and Situation Report

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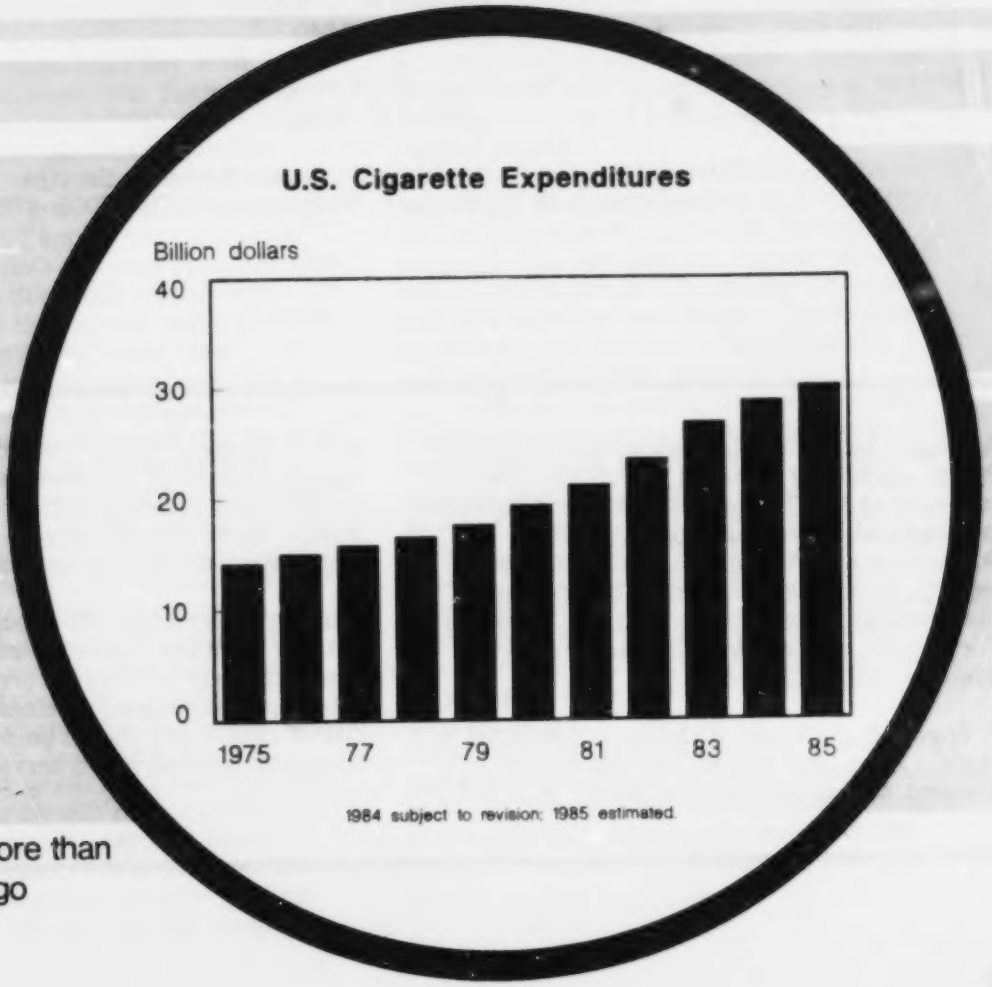

Cigarette outlays more than double a decade ago

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SUMMARY

As a part of a deficit reduction bill, Congress passed legislation on March 20 that would change the quota setting procedures, price support calculations, and other features of the tobacco price support and production control program. The bill also makes the 16-cent Federal cigarette excise tax permanent. Senate leaders indicate the President will likely sign the legislation, thus requiring new burley and flue-cured quota and price support announcements.

U.S. tobacco growers indicated in early March that they intended to reduce this year's total crop area about 7 percent to 649,000 acres, the lowest since 1879. This is in response to anticipated cuts in the effective quota for flue-cured and burley. If growers of flue-cured carry out their intentions, acreage would drop to a record-low 336,000. However, acreage could vary further with potential legislative changes.

The smaller acreage, together with average yields, would lower this year's crop about 10 to 15 percent from 1985's 1.55 billion pounds. The domestic tobacco supply for 1986/87 would fall from this season's level.

The smaller 1985 crop lowered this season's domestic leaf supply to 5.33 billion pounds, 3 percent below the previous year. On January 1, off-farm domestic stocks were 1-1/2 percent lower than a year earlier. With a reduction in domestic use more than offsetting a hike in exports, total use of U.S. tobacco during 1985/86 may decline about 1 percent. But October 1 carryover stocks of all tobacco may decline from a year earlier.

Last year, cigarette output declined about 1/2 of 1 percent to 665 billion. Domestic use fell, but exports rose. U.S. smokers consumed 594 billion cigarettes in 1985, about 1 percent fewer than in 1984. Annual consumption per adult declined 2 percent to 3,378 cigarettes. Total cigarette use may decline this year because of further price hikes, continued antismoking activity, and smoking restrictions.

The value of U.S. leaf and tobacco product exports last year rose 3 percent from 1984. A larger volume was recorded for leaf exports and manufactured exports; however, both categories carried slightly lower prices. Exports of unmanufactured tobacco totaled 549 million pounds (249,000 metric tons), or 678 million pounds, farm-sales weight. This year, export volume is expected to rise a little because of the high-quality burley crop, lower 1985 U.S. prices, and the declining value of the dollar. However, competition from countries such as Zimbabwe and Brazil and reduced consumption in some major U.S. markets will hold down the increase.

In 1985, unmanufactured tobacco imports and the manufactured and unmanufactured category (duty paid) rose 4 percent to 433 million pounds (196,000 metric tons). This increase reflects hikes in cigarette leaf imports. Last year's imports represented more than a third of the tobacco used in U.S. cigarette production.

Flue-cured tobacco disappearance in the current marketing year may fall from last year's 935 million pounds, mainly because of reduced domestic use. With the smaller 1985 crop, the carryover on July 1, 1986 will probably decline about 5 percent from last July's 2.08 billion pounds. Production in 1986 is expected to drop from last year's 800 million pounds.

Total disappearance of burley tobacco in 1985/86 is likely to increase from 1984/85's 556 million pounds, with a rise in both domestic use and exports. Burley sales this season totaled about 550 million pounds, 18 percent less than last season. The burley carryover next October 1 may be about 2 percent below a year earlier.

Although subject to change with new legislation, USDA has set this season's burley marketing quota at 525 million pounds, the same as last year, under legislation in effect in late February. The effective quota, which reflects 1985's overmarketings, may total about 510 million pounds, about 30 million pounds below last season's effective quota. Burley production is expected to decline.

Acreage allotments were reduced about 12 percent for Kentucky- Tennessee fire-cured and 25 percent for Kentucky-Tennessee air-cured. Ohio filler and Wisconsin binder allotments were reduced about 20 percent, but the Virginia fire- and sun-cured allotments were set about the same. Prices for the 1985 crop were generally lower.

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TOBACCO PRODUCTS

Cigarette Use Declines in 1985

U.S cigarette consumption declined in 1985 because of higher prices, antismoking activities, and restrictions on where people can smoke. Americans smoked 594 billion cigarettes in 1985, 1 percent fewer than in 1984. However, the decline was cushioned because cigarette prices rose less rapidly than in 1983 and 1984, and consumers continued to switch to generic and mid-priced brands that were 15 to 35 percent cheaper than full-priced brands. Even though exports rose, the decline in domestic use resulted in output falling to 665 billion cigarettes. In 1986, domestic consumption is expected to decline as some States raise taxes and smoking restrictions increase. Per capita consumption will continue to fall. Last year, per capita use by persons 18 and over fell to 3,378 cigarettes--down from 3,461 in 1984.

The annual Economic Research Service survey of cigarette manufacturers indicated that production of filtertip cigarettes rose to 94.6 percent of total output in 1985, up from 94.2 percent in 1984. The gain was concentrated in the 85-millimeter size, which made up about 45 1/2 percent of 1985 output (table 3).

Cigarette Prices Rising

Manufacturers raised wholesale cigarette prices two times last year for a total increase of about 7 percent (table 4). Retail prices rose 6 percent and are expected to rise further this year.

Twelve States raised cigarette taxes in 1985 an average of 6 cents a pack. State cigarette tax rates (weighted by number of packs taxed) averaged 16.7 cents per pack in December 1985, 1.4 cents above a year earlier. Tax increases have been announced or proposed in several other States this year. The Federal excise tax was increased to 16 cents a pack on January 1, 1983 and was scheduled to return to 8 cents on October 1, 1985. However, the 16-cent rate was extended five times. The rate returned to 8 cents on March 14, but a bill recently passed by Congress would make the 16-cent rate permanent and the higher rate would be retroactive to March 14. Senate leaders indicate the President is expected to sign the bill.

Government Reports on Cigarettes

The Health Consequences of Smoking--Cancer and Chronic Lung Disease in the Workplace was released in December by

Table 1--Cigarettes: U.S. output, removals, and consumption, 1976-85

Year	Output	Removals					Estimated inventory increase	Total U.S. consumption3/
		Taxable	Tax-exempt					
			Total	Exports	Shipments 1/	Overseas forces2/		
				Billions				
1976	693.4	617.9	72.1	61.4	1.9	8.8	13.5	613.5
1977	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0
1978	695.9	614.2	85.1	74.4	1.2	9.6	8.2	616.0
1979	704.4	614.0	93.8	79.7	1.1	13.0	5.7	621.5
1980	714.1	620.5	94.2	82.0	1.1	11.1	2.3	631.5
1981	736.5	638.1	92.0	82.6	1.0	8.4	8.0	640.0
1982	694.2	614.1	82.1	73.6	1.0	7.5	-10.8	634.0
1983	667.0	597.5	69.7	60.7	.9	8.1	7.2	600.0
1984	668.8	597.8	67.1	56.5	.8	9.8	8.8	600.4
1985	665.3	595.0	66.5	58.9	.8	6.8	9.5	594.0

1/ To Puerto Rico and other U.S. possessions. 2/ Includes ship stores and small tax-exempt categories. 3/ Taxable removals, overseas forces, inventory change and imports (negligible).

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

Table 2--Per capita consumption of tobacco products in the United States (including overseas forces), 1976-85

Year	Per capita 18 years and over				Per male 18 years and over			
	Cigarettes 1/		Snuff 2/	All tobacco products 1/	Large cigars & cigarillos		Smoking tobacco 2/	Chewing tobacco 2/
	Number	Pounds	Pounds	Pounds	Number	Pounds	Pounds	Pounds
1976	4,092	7.35	3/	3/	75.0	1.20	.75	3/
1977	4,051	7.21	3/	3/	67.9	1.13	.65	3/
1978	3,967	6.89	3/	3/	63.4	1.05	.60	3/
1979	3,861	7.00	3/	3/	56.0	.92	.50	3/
1980	3,851	6.79	3/	3/	51.1	.84	.48	3/
1981	3,840	6.53	.25	7.60	48.9	.81	.46	1.13
1982	3,753	6.48	.26	7.49	45.3	.74	.42	1.09
1983	3,502	6.21	.27	7.20	43.9	.72	.41	1.05
1984 4/	3,461	5.91	.27	6.87	42.0	.69	.36	1.05
1985 4/	3,378	5.74	.28	6.65	38.4	.63	.32	1.01

1/ Unstemmed process ng weight. 2/ Finished product weight. 3/ New product classifications became effective January 1, 1982. Revisions for 1980 and prior years not available. 4/ Subject to revision. Data prior to 1979 do not include results of 1980 census.

Table 3--Cigarettes: Output of filter tip and nonfilter tip by length, 1983-85 1/

Item	1983		1984		1985 2/	
	Output	Percent of total	Output	Percent of total	Output	Percent of total
	Billion	Percent	Billion	Percent	Billion	Percent
Filter tip						
80 mm Long	75.9	11.4	76.5	11.4	74.8	11.3
85 mm King	307.8	46.1	302.5	45.2	302.6	45.5
100 mm Extra Long	226.8	34.0	237.1	35.5	236.9	35.6
120 mm	14.0	2.1	13.7	2.1	14.8	2.2
Total	624.5	93.6	629.8	94.2	629.1	94.6
Nonfilter tip						
70 mm Regular	18.6	2.8	17.7	2.6	16.0	2.4
85 mm King	23.9	3.6	21.3	3.2	20.2	3.0
Total	42.5	6.4	39.0	5.8	36.2	5.4
Grand total	667.0	100.0	668.8	100.0	665.3	100.0

1/ Cigarettes having other lengths were included in the most nearly comparable group.
2/ Preliminary.

the Department of Health and Human Services (HHS). The report concluded that for the majority of American workers, cigarette smoking represents a greater cause of death and disability than their workplace environment. The report presented findings with regard to differences in smoking prevalence between blue-collar and white-collar workers. A higher percentage of blue- than white-collar workers currently smoke. Blue-collar workers started smoking at an earlier age and fewer of them have stopped. The report indicates that reduced workplace hazards and smoking control can be effective in reducing risk of disease to individual workers.

Cigar and Smoking Tobacco Use Again Lower

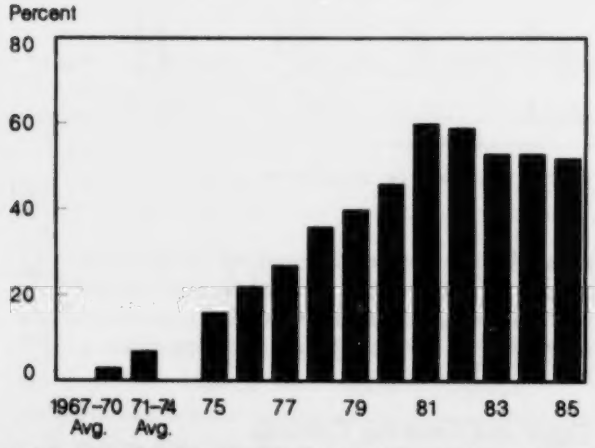
Large cigar use (including cigarillos) continued to decline in the fourth quarter of

Table 4--Wholesale cigarette price revisions, 1977-85 1/

Approximate date of change 3/	Net price per 1000				Net price per 1000 excluding Federal excise tax 2/			
	Standard	King size	Filter tips	100 millimeter	Standard	King size	Filter tips	100 millimenter
	Dollars							
August 1977	14.35	14.35	14.35	14.85	10.35	10.35	10.35	10.85
June 1978	15.20	15.20	15.20	15.70	11.20	11.20	11.20	11.70
December 1978	15.75	15.75	15.75	16.25	11.75	11.75	11.75	12.25
June-July 1979	16.30	16.30	16.30	16.80	12.30	12.30	12.30	12.80
January 1980	17.05	17.05	17.05	17.55	13.05	13.05	13.05	13.55
May 1980	17.65	17.65	17.65	18.15	13.65	13.65	13.65	14.15
November 1980	18.50	18.50	18.50	19.00	14.50	14.50	14.50	15.00
April 1981	19.35	19.35	19.35	19.85	15.35	15.35	15.35	15.85
September 1981	20.20	20.20	20.20	20.70	16.20	16.20	16.20	16.70
February 1982	21.20	21.20	21.20	21.70	17.20	17.20	17.20	17.70
Aug.-Sept. 1982 4/	22.70	23.70	22.70	23.70	18.70	19.70	18.70	19.70
October 1982 4/	24.20	25.20	24.20	25.20	20.20	21.20	20.20	21.20
November 1982 4/	25.20	26.20	25.20	26.20	21.20	22.20	21.20	22.20
January 1983 5/	26.90	27.90	26.90	27.90	18.90	19.90	18.90	19.90
June 1983	28.40	29.40	28.40	29.40	20.40	21.40	20.40	21.40
December 1983	29.15	30.15	29.15	30.15	21.15	22.15	21.15	22.15
June 1984	30.15	31.15	30.15	31.15	22.15	23.15	22.15	23.15
December 1984	31.15	32.40	31.15	32.40	23.15	24.40	23.15	24.40
June 1985	32.15	33.40	32.15	33.40	24.15	25.40	24.15	25.40
December 1985 6/	33.15	34.65	33.15	34.65	25.15	26.65	25.15	26.65

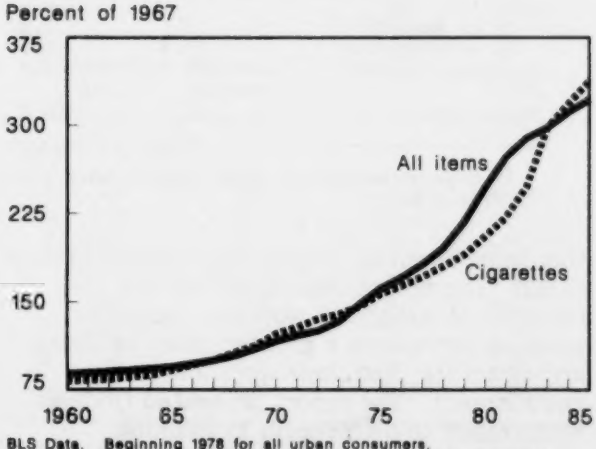
1/ Includes leading brands. A 3-percent discount is made for payment within 10 days or 2 percent within 14 days. 2/ Effective January 1, 1983, the Federal excise tax doubled to $8.00 per 1,000 cigarettes. 3/ For 1940-74, see TS-151, March 1975; for 1974-76, see TS-177, September 1981. 4/ Manufacturers increased prices by a different amount. The change shown represents a major manufacturer whose prices were between the highest and lowest. 5/ The January price increase brought major manufacturers' prices in line. 6/ Generic cigarette prices are about 35 percent lower than those listed and mid-priced brands are about 15 percent lower.

Cigarettes: Low-Tar Market Share*



* 15 mg. 'tar' or less. Federal Trade Comission data. Latest year estimated.

Consumer Price Index and Cigarette Prices



BLS Data. Beginning 1978 for all urban consumers.
Cigarettes, filter tip, king size for 1960-77. Latest year estimated.

1985. Last year, U.S. smokers used about 3.23 billion large cigars, 8 percent fewer than a year earlier (table 6). Production of small cigars--less than 3 pounds per 1,000--declined to 1.25 billion pieces, down 1 percent from 1984. While total cigar use is expected to continue to fall, the rate of decline may slow.

Smoking tobacco consumption last year totaled 27 million pounds, 8 percent below 1984. Sales (including imports) of pipe tobacco, the major category, and roll-your-own cigarettes both declined (table 8).

Smokeless Tobacco Use Declines

During 1985, total smokeless tobacco consumption declined as snuff consumption went up but chewing tobacco use fell by a greater amount (table 5). Employment was down in some industries where chewing tobacco is typically used. Among smokeless products, only moist snuff consumption rose. All other categories--dry snuff, loose-leaf chewing, twist chewing, and plug chewing--declined. U.S. manufacturers sell virtually all their chewing tobacco and snuff domestically.

On February 27, the Comprehensive Smokeless Tobacco Health Education Act of 1986 was enacted (Public Law 99-252). The act requires three rotating warning labels on smokeless tobacco containers and in printed advertisements, except on billboards, for the products beginning in late February, 1987.

The warnings are:

- o This product may cause oral cancer.
- o This product may cause gum disease and tooth loss.
- o This product is not a safe alternative to cigarettes.

In print advertisements, circles and arrows will draw attention to the warning labels. Television and radio advertising of smokeless products will be banned effective in late August, 1986. In addition, the Secretary of Health and Human Services shall establish and carry out an educational program on the dangers of using smokeless tobacco products.

Table 5--Tobacco products: Output and domestic sales, 1983-85

Item	Manufactured			Invoiced to domestic customers 1/		
	1983	1984	1985 2/	1983	1984	1985 2/
	Million pounds					
Chewing Tobacco:						
Plug-firm	9.7	8.5	7.4	9.6	8.7	8.0
Plug-moist	4.4	4.2	4.0	4.4	4.0	3.8
Twist	1.7	1.7	1.5	1.7	1.6	1.5
Loose leaf	71.0	74.4	74.0	70.9	73.0	71.7
Total	86.8	88.8	86.9	86.6	87.3	85.0
Snuff-dry	10.5	10.2	9.2	10.7	10.2	9.5
Snuff-moist	36.2	39.2	39.6	35.0	37.5	39.1
Total	46.7	49.4	48.8	45.7	47.7	48.6
Smoking						
Pipe	23.7	20.8	18.4	23.0	20.6	18.1
Granulated or sack	.4	.3	.4	.4	.3	.4
Cigarette cut	4.0	3.4	3.3	3.6	3.4	3.3
Total	28.0	24.5	22.1	27.0	24.3	21.8
Smoking tobacco in bulk (exports)	7.9	9.3	11.9	---	---	---
Manufactured smoking tobacco (exports)	13.8	23.0	29.7	---	---	---
Small cigars (millions)	1,352	1,256	1,245	1,334	1,270	1,240

1/ Taxable removals for small cigars. 2/ Subject to revision.

Table 6--Cigars and smoking tobacco: Output, removals, and consumption, 1983-85

Year and item	United States factories			From Puerto Rico, taxable	Imports	Exports	Total U.S. consumption 1/
	Output	Removals					
		Taxable	Tax-exempt				
	Millions						
Large cigars 2/							
1983	3,135	3,031	140	429	135	130	3,605
1984	3,130	2,962	121	371	143	104	3,493
1985 4/	2,826	2,740	95	301	191	101	3,226
	Million pounds						
Smoking tobacco							
1983	28.0	27.0	.6	--	3/ 6.7	1.0	33.3
1984	24.5	24.3	.4	--	3/ 5.7	.9	29.5
1985 4/	22.1	21.8	.4	--	3/ 5.4	.6	27.0

1/ Total removals (or sales) from U.S. and Puerto Rican factories, plus imports, minus exports. 2/ Includes cigarillos. 3/ From European countries normally not suppliers of packaged tobacco. 4/ Subject to revision.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and Agricultural Marketing Service, USDA.

Table 7--Tobacco demand factors, 1977-85*

Year	Population July 1 1/	Disposable personal income, per capita 2/		Consumer price indexes 3/				
		Current prices	1982 prices	All items	Tobacco products	Cigarettes		Cigars, regular size
						Nonfilter tip regular	Filter tip, king size	
	Million	Dollars		1967=100				
1977	152.6	6,262	9,381	181.5	168.0	170.6	171.0	135.0
1978	155.3	6,938	9,735	195.4	177.3	--	179.8	4/ 103.9
1979	161.0	7,682	9,829	217.5	187.9	--	189.7	4/ 110.6
1980	164.0	8,422	9,723	246.8	202.6	--	205.2	4/ 120.0
1981	166.3	9,247	9,773	272.4	218.9	--	221.4	4/ 131.2
1982	168.9	9,732	9,732	289.0	243.4	--	247.1	4/ 140.8
1983	171.3	10,339	9,952	298.4	290.9	--	297.9	4/ 150.2
1984	173.5	11,279	10,427	311.1	310.0	--	318.4	4/ 158.5
1985 5/	175.8	11,737	10,507	322.2	328.4	--	337.8	4/ 166.3

1/ 18 years and older including forces overseas. 2/ Based on total population. 3/ All urban consumers, 1978-84; urban wage earners and clerical workers, 1973-77. 4/ Other tobacco products and smoking accessories, December 1977=100. 5/ Subject to revision. 6/ Estimated. *Data prior to 1979 do not include results of 1980 census.

Table 8--Estimated number of roll-your-own cigarettes smoked and smoking tobacco consumed, 1982-85

Year	Roll-your-own cigarettes 1/	Total 2/	Smoking tobacco for			
			Roll-your-own cigarettes		Pipe tobacco	
			Quantity	Percent of total	Quantity	Percent of total
	Billions	Million pounds	Million pounds	Percent	Million pounds	Percent
1982	4.7	34	8	24	26	76
1983	5.5	33	9	29	22	71
1984	5.6	30	9	30	21	70
1985 3/	4.8	27	8	30	19	70

1/ Derived from shipments of cigarette papers and tubes. 2/ Includes imported tobacco.
3/ Preliminary.

U.S. EXPORTS AND IMPORTS

The United States is the world's leading tobacco exporter as well as the largest importer. During 1960-64, about 30 percent of U.S. tobacco production was exported. By 1980-84, exports increased to about 38 percent of the crop. However, the U.S. share of world exports fell from 28 percent in 1970 to 18 percent in 1984.

Table 9--U.S. cigarette exports to leading destinations, 1983-85

Country	1983	1984	1985 1/
	Billions		
Belgium-Luxembourg	13.0	11.2	12.2
Hong Kong	7.4	7.5	8.4
United Arab Emirates	1.3	.8	3.1
Netherlands Antilles	1.4	1.1	1.2
Saudi Arabia	6.2	6.1	6.6
Japan	5.5	6.3	6.5
Kuwait	1.5	1.5	1.5
Spain 2/	1.2	.8	.9
Colombia	.7	.3	*
Other	22.5	20.9	18.5
Total	60.7	56.5	58.9

1/Subject to revision. 2/ Includes Canary Islands. *Less than 50 million.

Compiled from publications and records of the Bureau of the Census.

Table 10--Large cigars: Taxable removals by revenue class, 1984-85

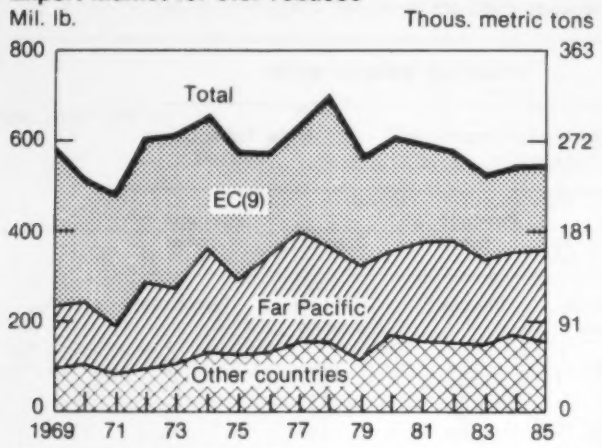
Revenue class and wholesale price 1/	1984	1985	Change from 1984 2/
	Billions		Percent
Dollars per thousand			
A-C (up to $66)	.24	.20	-17
D-E (over $66 to $120)	1.89	1.71	-10
F-H (over $120)	1.30	1.20	-8
Total removals	3.43	3.11	-9

1/ Wholesale price classes roughly equivalent to retail price classes used prior to February 1, 1977.
2/ Computed from unrounded data.

Compiled from reports of the Bureau of Alcohol, Tobacco and Firearms, and Tobacco Merchants Association of the U.S.

U.S. exports of unmanufactured tobacco and tobacco products were valued at $2.79 billion in calendar 1985, 3 percent above 1984 but 2 percent below 1982's record. This figure includes unmanufactured tobacco worth $1.52 billion and tobacco products valued at $1.27 billion. Unit values of both unmanufactured and manufactured products were down a little from a year earlier, but the rise in volume was more than offsetting. U.S. tobacco imports rose 2 percent in value to $650 million, leaving a trade balance of $2.14 billion. The trade balance was 3 percent above 1984 but 6 percent below the record of $2.28 billion in 1982.

Export Market for U.S. Tobacco



Unmanufactured, declared weight.

Last year, cigarette exports rose 4 percent. The declared value rose about 5 percent to $1.18 billion. About 57 percent of cigarette exports go to Asian countries, although the Census Bureau records about 120 countries as destinations.

Leaf Tobacco Exports Rise

U.S. exports of unmanufactured tobacco in 1985 rose 1 percent from 1984 to 549 million pounds (249,000 metric tons) in export weight, primarily because of the improved quality of the 1984 burley crop. The farm sales weight rose to 678 million pounds, up 28 million from a year earlier. Exports of burley, Kentucky-Tennessee dark fire-cured, Virginia fire-and sun-cured, Maryland, Kentucky-Tennessee dark air-cured, cigar and blackfat all rose. Only flue-cured exports were down (table 12).

European markets, which typically take more than half of U.S. leaf exports, reduced U.S. purchases by 4 percent. However, purchases by Asian countries rose 10 percent and more than offset the European decline.

Despite the increase in exports last year, several factors continue to hold U.S. exports below levels of every year from 1972 to 1982. Because of increased excise taxes, several countries are experiencing reductions or slowdowns in the growth of cigarette sales. Also, the high cost of U.S. tobacco and the strength of the U.S. dollar against foreign currencies have raised costs to importers and are causing a further shift to foreign tobacco, particularly that grown in Brazil and Zimbabwe. Relatively high interest rates have limited manufacturers' ability to carry stocks. These factors, combined with ample and cheaper foreign stocks, will probably restrain U.S. exports in 1986. However, some growth is expected because of lower prices for the 1985 crop, the high-quality 1985 burley crop, and recent weakening of the dollar relative to other major currencies.

Table 11--U.S. tobacco exports and imports: Unmanufactured and manufactured, 1976-85

Year	Exports			Imports 1/			Net exports (value)		
	Unmanufactured		Manufactured	Unmanufactured		Manufactured 3/	Unmanufactured	Manufactured	Total
	Quantity 2/	Value		Quantity 2/	Value				
	Million lbs.	Million dollars		Million lbs.	Million dollars		Million dollars		
1976	578.1	921.6	536.0	310.4	269.7	46.7	651.9	489.3	1,141.2
1977	628.6	1,094.3	637.4	316.2	326.7	46.0	767.6	591.4	1,359.0
1978	700.0	1,358.2	766.4	336.0	377.9	50.1	1,007.3	716.3	1,723.6
1979	567.4	1,184.2	964.0	377.2	412.0	51.4	772.2	912.6	1,684.8
1980	598.7	1,334.1	1,091.5	365.6	391.7	94.9	942.4	996.6	1,939.0
1981	584.5	1,457.5	1,265.3	335.9	354.0	201.6	1,103.5	1,063.7	2,167.2
1982	572.1	1,546.5	1,298.0	295.8	342.0	226.7	1,204.5	1,071.3	2,275.8
1983	524.4	1,461.7	1,185.6	317.2	413.8	403.5	1,047.9	782.1	1,830.0
1984	542.7	1,511.1	1,192.5	409.1	547.6	88.3	963.5	1,104.2	2,067.7
1985	549.0	1,520.6	1,267.2	430.3	571.4	78.2	1,090.3	1,189.0	2,138.2

1/ For consumption. 2/ Declared weight. 3/ Quantity in million pounds was: 1979, 10.4; 1980, 36.9; 1981, 109.8; 1982, 199.3; 1983, 219.1; 1984, 16.3; 1985, 12.4.

Compiled from publications and records of the Bureau of the Census.

Table 12--U.S. exports of unmanufactured tobacco by types and to principal importing countries, 1982-85
(declared weight)

Type & country	1982	1983	1984	1985 1/	1985 as a % 1984
	Million pounds				Percent
Type					
Flue-cured	348.4	310.6	349.8	333.1	95
Burley	103.6	90.8	73.6	102.3	139
Maryland	6.7	8.1	3.7	6.7	181
Fire-cured, Ky. and Tenn.	18.8	19.6	14.2	14.3	101
Virginia fire & sun-cured	2.7	1.1	2.4	3.4	142
Green River & One-Sucker	.2	.1	.4	.5	125
Black Fat	2.2	1.9	2.5	2.9	116
Cigar wrapper	1.1	.9	1.9	2.1	111
Cigar binder	.1	.2	.2	.3	150
Cigar filler	.2	.3	.3	.2	66
Perique	.1	.4	.1	.1	100
Stems, trimmings & scrap	78.1	75.8	81.8	72.7	89
Other unmanu. NEC 2/	9.8	14.6	11.8	10.3	87
Total	572.0	524.4	542.7	548.9	101
Country of destination					
United Kingdom	30.7	27.8	31.8	18.4	58
France	5.3	7.3	5.1	9.9	194
Belgium-Luxem.	15.2	9.6	9.4	11.5	122
Netherlands	25.1	28.4	22.3	20.9	94
West Germany	68.2	58.0	66.0	76.7	116
Denmark	16.8	20.2	19.8	16.2	82
Ireland	4.7	3.2	8.0	7.3	91
Italy	28.1	32.2	31.3	28.7	92
Total EC	194.0	186.7	193.7	189.6	98
Switzerland	26.7	16.8	25.3	23.9	94
Finland	6.0	6.5	5.7	5.3	93
Norway	3.6	5.7	4.7	3.3	70
Sweden	8.7	12.4	11.5	15.8	137
Spain	31.8	40.0	52.5	41.9	80
Thailand	27.7	9.1	14.6	17.8	122
Rep. of Korea	1.1	0	0	1.2	--
Malaysia	9.7	7.2	9.2	9.0	98
Philippines	15.2	11.1	5.7	12.1	212
Taiwan	21.3	19.9	25.1	24.0	96
Japan	110.3	114.1	92.1	102.0	111
Australia	10.1	9.7	8.2	7.3	89
New Zealand	4.1	2.6	2.9	1.6	55
Egypt	22.0	21.6	37.4	41.2	110
Other countries	79.7	61.0	54.1	52.9	98
Total	572.0	524.4	542.7	548.9	101

1/ Preliminary. 2/ New classification, January 1, 1978. Previously included in manufactured in bulk. Details may not add to total due to rounding. * Less than 50,000.

Compiled from publications and records of the Bureau of the Census.

For the fifth year in a row, Japan was the leading buyer of U.S. tobacco leaf, followed by West Germany. U.S. exports to West Germany rose 16 percent, while Japan increased its imports 11 percent. Shipments to Japan may rise in 1986, although annual shipments have varied widely because of inventory shifts and changes in shipping patterns. The United Kingdom, long a major U.S. market, reduced its takings 42 percent in 1985 and fell from fourth to ninth among leading markets. Cigarette consumption in the U.K. is declining and there has been a shift to cheaper tobacco from other countries. Spain and Egypt were the third- and fourth-largest markets in 1985.

Table 13--Flue-cured, burley, and Oriental tobacco production in specified countries, 1983-85

Country	1983	1984 1/	1985 2/
	Thousand metric tons		
Flue-cured			
Argentina	45	40	33
Canada	110	89	80
Mexico	8	7	8
Brazil	234	265	252
Zambia	2	3	3
Malawi	22	23	25
Zimbabwe	94	120	108
Tanzania	9	9	10
South Africa	25	25	27
Taiwan	23	26	24
India	189	135	98
Indonesia	33	30	35
Japan	82	80	71
Korea, Rep. of	65	63	52
Pakistan	25	34	35
Philippines	49	54	38
Thailand	52	50	50
Total	1,067	1,053	949
Burley			
Italy	60	62	60
Mexico	27	24	25
Greece	26	30	33
Korea, Rep. of	36	31	29
Malawi	42	27	34
Brazil	38	44	38
Spain	37	38	36
Total	266	256	255
Oriental			
Greece	85	110	106
Bulgaria	107	123	105
Yugoslavia	48	50	35
Turkey	233	190	195
Total	473	473	441

1/ Subject to revision. 2/ Preliminary.

Compiled from reports of Foreign Agricultural Service.

The export volume of U.S. flue-cured tobacco fell 5 percent and value fell to 64 percent of total U.S. tobacco exports, down from 72 percent in 1984. Asia increased its takings last year, but the European reduction was larger.

Burley exports rose 39 percent. Purchases rose in both Europe and Asia, but the Asian hike was larger. Maryland exports rebounded strongly after a big drop in 1984. Kentucky-Tennessee fire-cured exports rose slightly, but Virginia fire-cured rose sharply for the second year in a row.

Imports Up

Total duty-paid imports (for consumption) of unmanufactured tobacco and tobacco, manufactured or not manufactured, except smoking tobacco in retail packages, rose 4 percent in 1985 to 433 million pounds. This quantity represents withdrawals from bond and duty-paid releases for manufacture immediately upon arrival (table 14). The United States imported more cigarette leaf and stems, but less cigarette and cigar scrap.

Cigarette leaf imports rose 11 percent. Oriental rose 2 percent and burley leaf fell 2 percent. The biggest jump occurred in stemmed cigarette leaf, which rose 35 percent. The hike in cigarette leaf imports reflects the trend of the last 15 years to more lower-cost imported flue and burley and less domestic flue and burley in U.S.- produced cigarettes. However, scrap imports (other than cigar leaf) fell 9 percent to 12 million pounds and the manufactured or not manufactured category dropped to less than 3 million pounds as most of the tobacco is now classified as stemmed cigarette leaf. Overall, imports accounted for more than a third of the tobacco used in U.S. cigarette production in 1985, and a similarly high proportion is expected this year.

General imports of tobacco (direct entry plus placements in bonded warehouses for later factory use) declined 5 percent in 1985. Cigarette and cigar leaf both fell but scrap and stems rose. Flue-cured imports rose but burley and stemmed leaf fell. Oriental fell about 1 percent.

Although general imports (arrivals) exceeded imports for consumption, U.S. stocks

Table 14—U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 1983-85 1/
(declared weight)

	Imports for consumption				General imports (arrivals)				
	1983	1984	1985 1/	1985 as a percentage of 1984	1983	1984	1985 1/	1985 as a percentage of 1984	Value 1985 per lb.
	Million pounds			Percent	Million pounds			Percent	Dollars
Cigarette tobacco									
Leaf									
Oriental									
Turkey	112.7	106.6	107.9	101	109.9	119.8	114.7	96	1.53
Greece	31.1	28.6	29.5	103	32.0	27.9	33.4	120	1.37
Yugoslavia	10.3	13.0	14.3	110	20.3	12.5	8.1	65	1.82
Other countries	29.9	20.7	19.8	96	23.2	16.4	18.8	115	1.58
Flue-cured	14.9	22.3	24.4	109	17.0	24.1	30.7	127	1.01
Burley	12.3	19.9	19.4	97	27.1	22.0	20.6	94	.95
Other	18.6	95.0	125.6	132	23.5	150.7	116.8	78	1.36
Subtotal	229.8	306.1	340.9	111	253.0	373.4	343.1	92	1.38
Manufactured or not manufactured, NSPF, other									
Brazil	82.3	1.0	.1	10	54.8	—	.1	—	.95
Korea, Republic of	24.9	0	0	—	11.0	—	—	—	—
Mexico	20.7	1.3	.2	15	3.2	—	—	—	—
Other countries	82.2	4.7	2.5	53	39.5	2.1	2.4	114	1.74
Subtotal	210.1	7.0	2.8	40	108.5	2.1	2.5	119	1.71
Scrap 2/									
Brazil	1.2	.6	.4	67	.8	.4	1.2	300	.66
Korea, Republic of	.1	*	*	—	.4	—	—	—	—
Italy	.3	*	.2	—	.2	—	—	—	—
Mexico	.3	.1	*	—	.2	.1	—	—	—
Turkey	5.0	5.5	6.0	109	7.6	3.7	5.5	149	.20
Other countries	5.3	6.6	5.1	77	6.2	6.0	5.3	88	.98
Subtotal	12.2	12.8	11.7	91	15.4	10.2	12.0	118	.59
Total cigarette tobacco	452.1	325.9	355.4	109	376.9	385.7	357.6	93	1.36
Cigar tobacco									
Wrapper	2.0	2.2	2.2	100	2.9	2.1	2.1	100	5.23
Filler-stemmed and unstemmed									
Dominican Republic	.9	7.3	3.9	53	2.9	6.5	3.7	57	1.29
Other countries	3.0	5.8	4.0	69	15.4	17.4	14.5	83	.81
Subtotal	3.9	13.1	7.9	60	18.3	23.9	18.2	76	.91
Scrap									
Philippines	5.2	4.7	5.7	121	4.6	2.6	4.5	173	.66
Indonesia	5.9	6.0	5.2	87	4.5	4.7	5.2	111	.67
Dominican Republic	4.1	6.2	3.4	55	1.5	2.2	3.4	155	1.01
Brazil	2.8	3.8	3.3	87	2.8	3.0	2.8	93	1.11
Other countries	17.3	19.4	14.2	73	15.7	12.3	16.6	135	.35
Subtotal	35.3	40.1	31.8	79	29.1	24.8	32.5	131	.58
Total cigar tobacco	41.2	55.4	41.9	76	50.3	50.8	52.8	104	.88
Stems	33.7	34.7	35.5	102	32.4	32.8	34.7	106	.16
GRAND TOTAL	527.0	416.0	432.8	104	459.6	469.3	445.1	95	1.21

1/ Preliminary. 2/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff.
Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

of imported tobacco on January 1, 1986, were down from a year earlier. Cigarette tobacco declined 84 million pounds, or about 9 percent from a year earlier, with a drop in all three cigarette types; burley, flue-cured, and Oriental. Cigar stocks also fell, but only 2 percent.

1985 Tobacco Legislation

Two sections of the Food Security Act (Public Law 99-198) of 1985 affects tobacco imports; one section affects domestic production:

- *Tobacco Pesticide Residues*: Requires that all flue-cured and burley tobacco offered for importation into the United States must either be certified by the importer, or inspected by the USDA, to assure that the tobacco does not contain more than a specified residue level of chemicals that have been cancelled, suspended or otherwise prohibited under the Federal Insecticide, Fungicide, and Rodenticide Act. The residue standards will be set by the Secretary of Agriculture and will apply to both domestic and imported flue-cured and burley tobacco.

- *End Users of Imported Tobacco*: Requires the identification of the end user of imported flue-cured and burley tobacco. The end user is defined as a domestic manufacturer of cigarettes or other tobacco products, or as an entity that mixes, blends, processes, alters, or stores tobacco, or as any other individual that the Secretary of Agriculture may identify. The proposed regulations for implementation will be published in the Federal Register for public comment by April 1, 1986. The first report will be due to Congress by November 15, 1986, and annually thereafter.

Table 15--Estimated U.S. imports of flue-cured and burley tobacco and domestic use, 1969-84
(Farm sales weight)

Year beginning July 1	Flue-cured				Burley			
	Imports 1/	Domestic disappearance	Total use	Imports' share of total	Imports 1/	Domestic disappearance 2/	Total use	Imports' share of total
	Million pounds			Percent	Million pounds			Percent
1969	5.7	645.9	651.6	0.9	3.3	507.1	510.4	0.6
1970	10.6	640.1	650.7	1.6	3.2	503.0	506.2	0.6
1971	11.2	662.5	673.7	1.7	4.6	515.2	519.8	0.9
1972	12.7	664.2	676.9	1.9	8.9	534.5	543.4	1.6
1973	20.4	703.4	723.8	2.8	30.7	533.1	563.8	5.4
1974	23.1	652.3	675.4	3.4	47.7	518.8	566.5	8.4
1975	24.4	670.6	695.0	3.5	46.7	510.1	556.8	8.4
1976	30.8	634.0	644.8	4.6	37.9	489.6	527.5	7.2
1977	55.0	608.2	663.2	8.3	85.4	494.8	580.2	14.7
1978	60.1	584.1	644.2	9.3	89.1	502.8	591.9	15.1
1979	84.8	563.1	647.9	13.1	113.6	498.5	612.1	18.6
1980	72.7	529.4	602.1	11.7	136.9	477.6	614.5	22.3
1981	63.3	488.8	552.1	11.5	109.7	463.9	573.6	19.1
1982	103.1	478.5	581.6	17.7	141.3	444.1	585.4	24.1
1983	3/ 94.4	441.6	536.0	17.6	3/ 135.0	388.7	523.7	25.8
1984	3/ 120.1	454.2	574.3	20.9	3/ 163.8	402.6	566.4	28.9

1/ Imports for consumption (duty paid) of leaf, scrap, and manufactured or unmanufactured (beginning 1980), prorated according to reported stocks of imported flue-cured and burley. 2/ Marketing year beginning October. 3/ General imports adjusted for stock change.

TOBACCO LEAF SITUATION AND OUTLOOK 1/

Flue-Cured Tobacco Program Approved in Referendum

In a mail referendum (March 10-13), flue-cured growers voted 93.7 percent to continue acreage-poundage quotas and price supports for the next three years. The referendum had been postponed twice in anticipation that pending tobacco legislation which would lower price supports and no-net cost assessments would be enacted. In early March it was announced that flue-cured producers must contribute 32 cents per pound to a no-net cost account to be eligible for price support for the 1986 crop and that the average price support level would be $1.717 per pound under legislation then in effect. Under new legislation that may be enacted the support rate would be lowered to $1.438 per pound and the assessment level would be lowered substantially.

USDA Approves Flue-Cured No-Net-Cost Tobacco Assessment Change

USDA approved in late December a request by the Flue-Cured Tobacco Stabilization Board of Directors to transfer all assets from the No Net Cost Tobacco Fund to a No Net Cost Tobacco Account. The fund method was chosen initially because it provided greater flexibility in the use of funds in reducing Stabilization obligations.

Table 16--Flue-cured and burley tobacco: Marketing quota and marketings, 1976-86

Year	Quota		Marketings				
	Basic	Effective	Actual	Over-quota	Under-quota	Effective underquota 1/	Net carryover 2/
			Million pounds				
			Flue-cured, types 11-14				
1976	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977	1,116.5	1,197.3	1,124.2	42.6	115.2	106.9	64.3
1978	1,117.2	1,181.5	1,205.9	65.6	43.9	41.8	-26.4
1979	1,094.9	1,068.5	973.8	24.8	118.8	117.0	92.2
1980	1,094.4	1,186.5	1,086.1	36.0	137.9	135.1	99.1
1981	1,012.9	1,111.4	1,144.3	64.9	31.3	29.2	-35.6
1982	1,013.0	976.8	993.8	54.4	37.5	30.6	-23.8
1983	910.5	886.7	854.8	31.2	67.1	65.6	34.4
1984	804.3	831.7	849.6	42.6	32.8	31.5	-11.1
1985 3/	773.7	758.0	791.8				-35.0
1986 4/	757.0	722.0					
			Burley, type 31				
1976	634.8	726.4	663.6	33.1	96.2	82.3	49.2
1977	636.2	683.4	612.6	27.2	99.0	80.8	53.6
1978	614.2	667.8	614.2	31.5	88.2	67.6	36.1
1979	614.2	647.8	472.2	12.2	188.6	168.8	155.2
1980	614.4	768.9	557.5	11.6	224.3	200.1	181.8
1981	660.1	841.9	725.6	25.2	143.0	129.4	104.1
1982	680.3	777.8	776.7	46.8	50.9	41.2	-3.5
1983	646.6	641.0	526.7	13.7	132.4	127.6	113.9
1984	581.8	697.0	674.0	37.8	59.8	54.5	16.7
1985 3/	524.4	541.7	550.0				-20.0
1986 4/	525.0	510.0					

1/ Underquota marketings less ineligible carryover. 2/ Effective underquota marketings less overquota marketings. 3/ Subject to revision. 4/ Preliminary. Subject to change if anticipated new legislation is enacted.

Compiled from records and reports of Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

1/ All quantities in this section are in farm-sales weight unless otherwise noted.

However, the account method offers tax advantages to growers, since the assessments can be treated as business expenses in the year paid. Under the fund method, assessments were capital contributions paid to Stabilization and growers were issued stock certificates. Growers then had to consider the assessment a capital loss after the certificates were cancelled.

Domestic Leaf Supplies Decline But Remain Large

Despite larger carryin stocks, the smaller 1985 crop brought the 1985/86 supply of domestic leaf tobacco to 5.33 billion pounds, 3 percent below the previous year. On January 1, 1986 domestic leaf stocks were 1-1/2 percent below a year earlier. By the end of the current marketing year, stocks may be 3 percent below the 3.85-billion-pound carryover on July 1 and October 1, 1985.

With smaller anticipated effective quotas for both flue-cured and burley in 1986, growers are expected to reduce acreage by 7 percent to the lowest level since 1879. With average yields, total production could fall 10 to 15 percent from last year's 1.55 billion pounds.

Table 17--Computation of price level adjustment factor for tobacco, 1975-86

Crop year	Parity index 1/		Price support level adjustment factor3/
	Previous calendar year	3-year average2/	
	1910-14=100		1959=100
1975	564	493	168
1976	614	556	191
1977	653	610	205
1978	687	650	218
1979	746	695	233
1980	850	761	255
1981	950	849	285
1982	1,035	944	317
1983	1,078	1,019	342
1984	1,104	1,072	360
1985	1,130	1,103	370
1986	1,121	1,118	375

1/Index of prices paid by farmers, including wage rates, interest, and taxes. 1965-75 revised in 1976 using 1971-73 weights. For original data used for prior year calculations see TS-155, March 1976., p. 16. 2/ Three calendar years immediately preceding. 3/ Three-year average parity index divided by 1959 parity index (298).

Production of both flue-cured and burley may fall 10 to 15 percent (table 16). In addition, growers are holding 20 to 25 million pounds of flue-cured and 80 to 110 million pounds of burley on farms because they had insufficient quota to sell it in 1985. Reduced allotments are expected to cause decreased output for dark fire-cured, dark air-cured, and cigar tobacco.

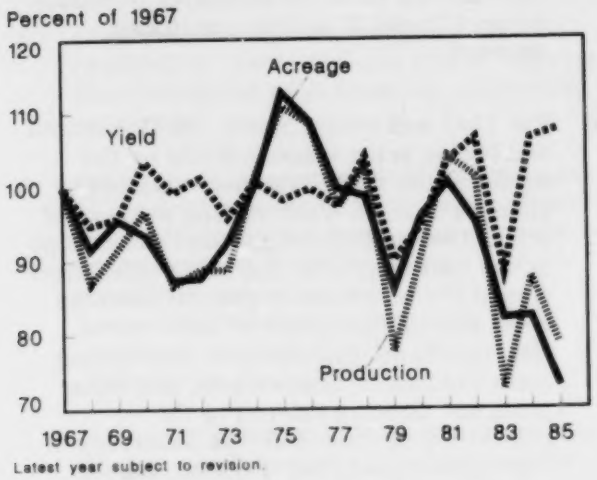
All tobacco types except Maryland, Pennsylvania filler, Connecticut binder, shade grown wrapper, and Perique are under quotas. Acreage allotments were reduced about 12 percent for Kentucky-Tennessee fire-cured, and Kentucky-Tennessee dark air-cured allotments were dropped about 25 percent. Acreage allotments for Virginia fire-cured and Virginia sun-cured will drop a little because of adjustments for farms which have produced less than 75 percent of their allotment in recent years. Cigar filler and binder allotments were reduced about 20 percent.

USDA's *Prospective Plantings* report indicated growers plan to plant 649,000 acres of tobacco in 1986, 7 percent less than a year earlier primarily because of reduced quotas. Last year's intentions were 2 percent higher than the final harvested acreage, largely because of uncertainties about the size of the no-net-cost assessments and the potential for program changes. In 1984, intentions were about the same as the final harvested acreage. In 1983, intentions were 4 percent higher than the final harvested acreage, largely because of dry weather. In 1982, intentions were almost the same as the final harvested acreage, and in 1981, intentions were 3 percent below it. In 1979 and 1980, harvested acreage fell below intentions because of regulation changes and weather problems. During 1974-78, intentions averaged 1 percent below harvested acreage. This year, uncertainties about the size of no-net-cost assessments and the potential for program changes probably influenced the drop in intentions from a year ago and may alter final decisions about acreage.

Flue-Cured Production Costs May Change Little

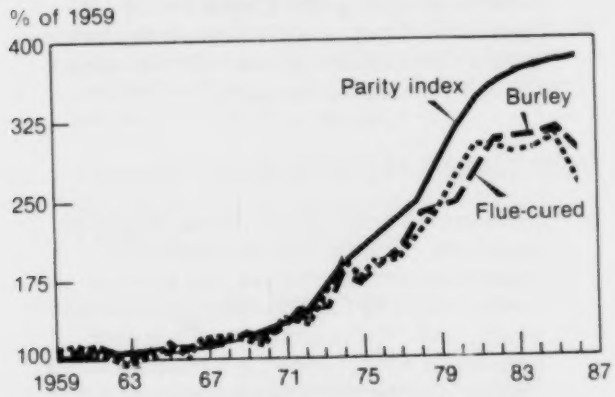
Production and marketing costs for flue-cured tobacco are expected to change little in 1986. Cost increases for some inputs will likely be offset by declines in others.

Tobacco Acreage, Yield and Production



Latest year subject to revision.

Tobacco Prices and Parity Index



Prices paid for all items including interest, taxes and wage rates. Latest year, estimated.

Total costs, excluding land and quota and the no-net-cost assessement, may show little or no change from a year ago.

Variable costs could decline a little. Fuel, fertilizer, and pesticide costs are all expected to decline. Wage rates may increase, but not by much. Costs of leasing and renting quotas may decline even though flue-cured effective quotas were reduced under legislation then in effect. The higher no-net-cost assessments have reduced the amount that can be paid for quota leases.

Price Support Program May Change in 1986

Both the Senate and House have passed a bill that Senate leaders indicate the President is likely to sign. The legislation would change quota setting procedures, price support calculations and other features of the price support and production control program. Price support is available to eligible growers through loans to producer associations. To be eligible, producers must contribute to a no-net-cost account established by the associations. For 1986, the contribution for flue-cured was set at 32 cents per pound under legislation then in effect. The no-net cost contributions have not been set for other kinds of tobacco and will likely be lowered for flue-cured if new legislation is enacted.

To receive price supports, producers must certify that pesticides used on tobacco have been approved by the Environmental Protection Agency, and that these products have been used in accordance with label directions. As a condition for price support for flue-cured tobacco, USDA requires growers to designate a warehouse where they intend to sell their tobacco.

Price supports for burley and flue-cured are uncertain but if new legislation passed by Congress is enacted, the flue-cured support would be set at $1.438 per pound and $1.488 per pound for burley. For other types, the maximum overall price support under basic legislation would rise 1 1/2 percent over 1985. However, under the Gramm-Rudman-Hollings budget law, effective support loans for all kinds could be reduced 4.3 percent below the level that would otherwise prevail under the existing tobacco price-support law. The formula in the current law, which will continue to apply to types other than flue-cured and burley whether or not new legislation is enacted, takes account of the higher prices for goods and services paid by farmers during the last 3 calendar years (1983-85), as compared with average prices paid in 1959. But under the no-net-cost law of 1982, the support increase can be held to 65 percent of the amount permitted under the basic price support legislation, if the supply of a particular tobacco is considered excessive. Also, for types other than flue-cured and burley, loan associations have the authority to reduce support levels if market conditions warrant. Price support levels have only been announced for flue-cured tobacco under legislation existing at the time, but legislation passed by Congress would change the flue-cured and burley quota setting procedure and calculations for price support.

Growers of flue-cured tobacco approved marketing quotas on their next three crops in a mail referendum on March 10-13. After a month's delay burley growers are scheduled to vote on March 24-27 on whether to accept marketing quotas on their next three crops. Growers of Virginia sun-cured tobacco approved marketing quotas on their next three crops during February 24-27. In the same week, Pennsylvania filler, Connecticut binder, and Maryland tobacco growers turned down marketing quotas on their next three crops. Growers of Ohio filler and Wisconsin binder, Virginia fire-cured, and Kentucky-Tennessee fire-cured and dark air-cured growers approved marketing quotas for the 1986 crop in previous referenda.

Tobacco Legislation

On November 15, 1985, the 1985/86 season's burley price support was lowered 30 cents a pound from the previously announced level of $1.788 per pound. This law also lowered the no-net-cost assessment from 30 cents to no more than 4 cents a pound. Two amendments (discussed previously) dealing primarily with imported tobacco were included in the 1985 Food Security Act, even though legislation authorizing the Tobacco Price Support and Marketing Quota program is permanent.

Both the House and Senate adopted tobacco program changes as a part of budget reduction measures in 1985. A bill has been passed by both the House and Senate, and Senate leaders indicate it will likely be signed into law. It would continue the Federal excise tax on cigarettes at 16 cents a pack and place a 24-cent-a-pound Federal excise tax on snuff and an 8 cent a pound tax on chewing tobacco. Other provisions agreed to by Senate and House conferees are:

Price Support

- The price support level for 1986-crop burley tobacco would remain at $1.488 per pound. The price support level for 1986 crop flue-cured would be lowered to $1.438 per pound from the $1.65 effective level of 1985 (before buyer rebates).

- The price support for 1986 and subsequent crops of any kind of tobacco (other than flue-cured and burley) would be set using the same formula as in current law for 1986 crops. Also, for other types, loan associations have the authority to reduce support levels if market conditions warrant.

- For 1987 and future years, the flue-cured and burley price support would be the level for the preceding year adjusted by changes in the 5-year moving average of prices (two-thirds weight) and the change in the cost of production index (one-third weight). Costs include general variable costs but exclude costs of land, quota, risk, overhead, management, marketing contributions or assessments, and other costs not directly related to the production of tobacco. The Secretary of Agriculture could set the price support between 65 and 100 percent of the calculated amount. However, current provisions giving the Secretary of Agriculture authority to lower the price support on certain grades of flue-cured tobacco would be repealed.

Determination of Marketing Quotas

- Flue-cured and burley quotas would be based on: (1) intended purchases by cigarette manufacturers, (2) average annual exports for the three preceding years, and (3) the amount of tobacco needed to attain specified reserve stock levels. Quota reductions for flue-cured and burley would be limited to 6 percent for the period 1986-89 and 10 percent from 1990 to 1993.

- USDA's discretion for setting flue-cured and burley quotas would be limited to not more than 103 percent or less than 97 percent of the amount determined by manufacturer's needs, exports, and the reserve stock level.

- The amount of flue-cured and burley tobacco that could be marketed without penalty would be reduced from 110 to 103 percent of the farm marketing quota.

- The latest announcement date for marketing quotas for any kind of tobacco other than flue-cured and burley would be changed from February 1 to March 1.

Flue-Cured and Burley Purchase Requirements Penalty

- Cigarette manufacturers would be required to reveal the quantity of tobacco they purchased soon after the marketing year ends.

- Any manufacturer that fails to purchase at least 90 percent of the tobacco it said it would purchase for purposes of quota determination would be subject to a penalty of twice the per-pound assessment times the amount by which purchases are less than 90 percent of intended purchases.

- No penalties would be imposed if the total amount purchased by all manufacturers was at least 90 percent of the total amount of intended purchases submitted by all manufacturers. The purchase requirement for each manufacturer would also be reduced proportionally if total marketings were less than the effective national marketing quota.

- Penalties collected would be deposited in the no-net-cost flue-cured and burley accounts.

Assessments to No-Net-Cost Accounts

- Purchasers of flue-cured and burley tobacco would pay the same amount to the association's account as producers.

- Failure to remit the assessment fee would result in a marketing penalty equal to 75 percent of the average market price of the tobacco involved.

Purchase of Inventory Stock

- The Flue-Cured Stabilization Cooperative would be required to offer to sell its stocks from the 1976-84 crops at the base prices in effect on October 29, 1984, reduced by 90 percent for the tobacco from the 1976-81 crops and 10 percent for tobacco from the 1982-84 crops.

- Burley associations would be required to offer their stocks of 1982 and 1984 tobacco for sale.

- The 1982 burley crop would be offered at the base price in effect on July 1, 1985, and the 1984 crop would be offered at a price sufficient to cover the association's costs as of the date of enactment of the bill.

- The Commodity Credit Corporation (CCC) would take title to the 1983 burley tobacco stocks by calling the loans within 30 days of enactment of the bill. CCC would then offer the tobacco for sale for 2 years. Then, any remaining stocks would be offered for sale at a 90-percent discount.

- The 1976-84 loan stocks of flue-cured and the 1982 and 1984 loan stocks of burley would be sold to manufacturers. Each manufacturer would purchase an amount equivalent to its share of total cigarette production in the United States. Purchases by manufacturers are to take place over a 5-year period for burley and an 8-year period for flue-cured.

- Manufacturers are authorized to confer with one another to carry out provisions of the bill.

Review of Tobacco Grading and Disaster Crop Designation

- The Secretary of Agriculture would review the extent to which current grades accurately reflect tobacco quality, and also review criteria for designating disaster crops and establishing grades to reflect a crop resulting from natural disasters.

- A report to the House and Senate Agriculture Committees would be required 120 days after enactment of the bill. USDA would be required to implement any administrative recommendations before the opening of the 1986 flue-cured marketing season.

FLUE-CURED

Disappearance Lower

Domestic disappearance of flue-cured tobacco (types 11-14) this season is expected to fall from last season's 454 million pounds. During the first half of this marketing year

Table 18--Flue-cured tobacco: Acreage allotted and underproduction, 1975-85

Year	Acreage alloted 1/	Underproduction 2/	
		Number	As percent of allotment
	Thousand acres		Percent
1975	854.8	137.6	16.1
1976	765.0	98.4	12.9
1977	651.7	56.5	8.7
1978	641.0	38.9	6.1
1979	580.3	77.5	13.4
1980	639.5	84.4	13.2
1981	603.0	63.2	10.5
1982	529.5	57.2	10.8
1983	457.5	47.7	10.4
1984	404.7	10.7	2.6
1985	389.6	31.5	8.1

1/ Basic allotment adjusted for overmarketings and undermarketings. 2/ Acreage allotment minus harvested acres.

Compiled from records and reports of Price Support and Loan Division, ASCS.

(July-December 1985) domestic disappearance was somewhat lower than a year earlier. Cigarette output was about the same but is likely to decline from a year ago during January-June 1986. Consequently, reduced cigarette production, together with increased use of imported leaf, will probably cause use of domestic flue-cured to decline in 1985/86.

Exports this marketing year are below last season, with both Japan and EC destinations taking less. The slightly lower quality of the 1985 crop, reduced demand, ample supplies of lower-cost foreign-grown leaf, the strong though weakening dollar, and price uncertainties continue to dampen sales abroad. July-December 1985 exports of 328 million pounds were 1 percent below the previous year but 7 percent above the 1982-84 average for that period. Exports for the rest of the year may not change much from a year earlier, and total exports for the season may be near last season.

Carryover To Decline

Marketings in 1985 were below expected disappearance this season. This means that flue-cured carryover on July 1 may decline from 2,080 million pounds in mid-1985.

Despite lower anticipated cigarette output, manufacturers and dealers have increased purchases from loan stocks. During July 1985-February 1986, 188 million pounds of flue-cured was sold from loan, compared with 93 million a year earlier. By March 1, unsold loan stocks of 745 million pounds had declined 8 percent from Stabilization stocks of a year earlier. About three-fourths of the stocks were from the 1982-85 crops.

Table 19--Flue-cured tobacco: Farm marketings by belt and across belts, 1985 1/

States and belt	Total farm marketings	Sold in--			Total sold out of belt	
		Ga.-Fla. 14	S.C.-N.C. 13	N.C. 12	N.C.-Va. 11	Amount	Percent of sales
	Million pounds					Percent	
Ga.-Fla., 14	98.5	98.1	0	0	0	0	0.0
S.C.-N.C., 13	169.2	.4	160.2	3.7	3.0	7.1	4.2
N.C., 12	282.6	0	4.8	256.6	3.1	7.9	2.8
N.C.-Va., 11	236.0	0	4.2	22.3	229.9	26.5	11.2
Sales from out of belt	--	.4	9.0	26.0	6.1	--	--
Total 3/	786.3	98.5	169.2	282.6	236.0	41.5	5.3
	Sales from out of belt as percentage of belt sales						
	Percent						
	5.3	.4	5.3	9.2	2.6	--	--

1/ Preliminary. 2/ Less than 50,000 pounds. 3/ Details may not add to total because of rounding.

Compiled from records and reports of Analysis Division, ASCS.

Table 20--Tobacco loan stocks, 1984-86
(farm-sales weight)

Type	End of February		
	1984	1985	1986 1/
	Million pounds		
Actual			
Flue-cured, 11-14	826.7	856.5	914.8
Burley, 31	458.0	571.6	618.9
Virginia, 21	2.5	3.2	3.4
Kentucky-Tennessee, 22-23	5.0	9.0	11.6
Kentucky-Tennessee, 35-36	10.5	16.0	18.8
Ohio, 42-44	1.9	2.4	2.8
Puerto Rican, 46	5.9	5.9	5.9
Connecticut Valley, 51-52	3.8	3.7	3.6
Wisconsin, 54	2.6	2.1	.4
Wisconsin, 55	7.4	6.9	7.4
Total	1,324.3	1,477.3	1,587.6
Uncommitted			
Flue-cured, 11-14	761.3	808.1	2/ 744.8
Burley, 31	374.6	575.6	3/ 649.0

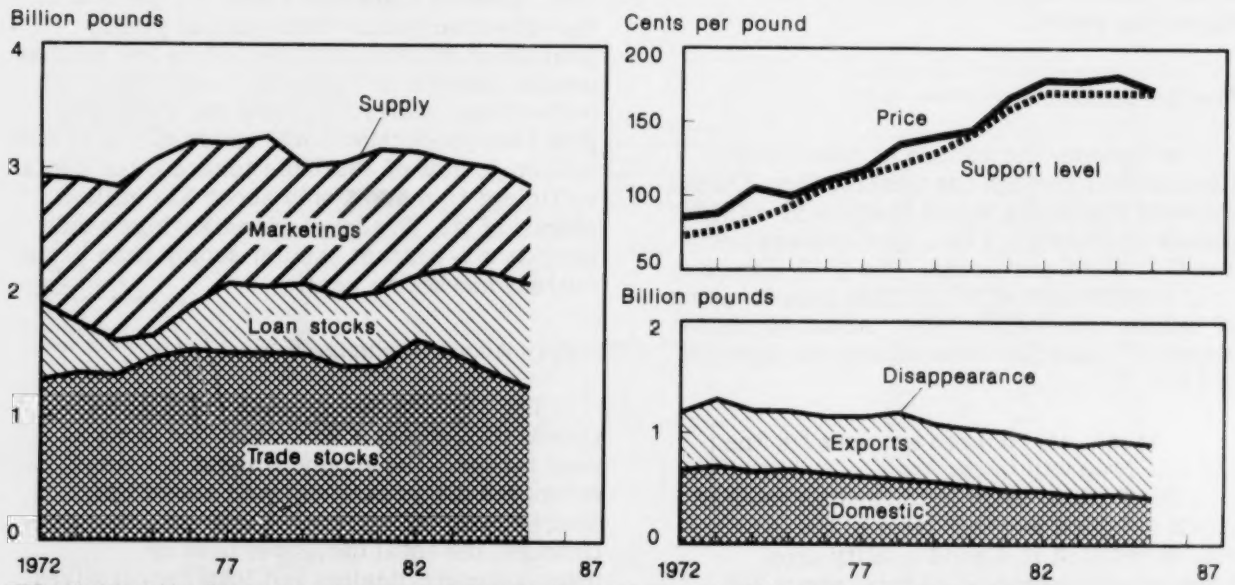
1/ January 31, 1986, for actual stocks. 2/ End of February. 3/ Includes all of 1985 takings.

Compiled from records of Tobacco and Peanuts Division, Agricultural Stabilization and Conservation Service.

Sales of loan stocks rose primarily because of discounted prices and price rebate purchase incentives. Since October 29, 1984, the Flue-Cured Cooperative Stabilization Corporation has offered a special discount program for loan stock tobacco. Discounts of 50 to 90 percent off base prices are being offered on 1976-1981 crops, with the older crops having the largest discounts. Prices of 1982-84 tobacco were discounted 10 percent. To obtain the large discounts for the older tobacco (1976-81), purchasers must buy 2 pounds of new crop (1982-84) for every 1 pound of older.

Buyers of the 1985 crop were given an immediate 10-cent-a-pound rebate and offered an additional 15-cent-a-pound rebate if two critera were met: (1) at least 650 million pounds of the 1985 crop tobacco was to be purchased by the trade; and 2) at least 125 million pounds (dry-weight, or approximately 145 million pounds farm sales weight) of 1976-84 flue-cured loan stocks was to be purchased at reduced prices. Tobacco purchased from Stabilization was on the basis of two pounds from the 1982-84 crops for one pound of 1976-81 crops. The first criterion was met October 23, with the second reached December 23, 1985. Funds for the rebate

Flue-Cured Tobacco: Supply, Price, Use



1985 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning July 1. 1985 disappearance forecast.

came from the 25-cent assessment fee on tobacco purchased by the trade. For tobacco placed under loan, the Stabilization Corporation received the full 25-cent assessment.

1986 Crop Projected To Fall

Under legislation in effect at the time, the basic 1986 quota was reduced 2 percent to 757 million pounds, but subtracting net over-marketings gives an effective quota of around 722 million pounds, 5 percent below last year's. If new legislation is enacted, quota levels may change. Based on anticipated effective quota, lower marketings are expected in 1986. According to the March 1 planting intentions, a record-low 336,000 acres will be grown, 6 percent below last year. On this acreage, a normal yield would result in production of 680 to 720 million pounds. This size crop would be 9 to 14 percent smaller than last season's marketings. The projected crop is a little lower than the effective quota, but in recent years producers have marketed about 100 percent of poundage quota. Also, 20 to 25 million pounds of 1985-crop tobacco may be available for sale in 1986.

The projected 1986 marketings, plus the anticipated carryover, indicates the 1986/87 supply may fall about 7 percent below the 2.87 billion pounds available in the current marketing season.

Foreign Situation

In Canada, the volume of flue-cured tobacco sold through the Ontario Flue-Cured Growers Marketing Board reached 52 million pounds on March 7, 1986. The average price was U.S. $0.90 per pound. The 1985 Canadian crop is estimated at 176 million pounds, about 20 million less than in 1984. About 60 million pounds of Canadian tobacco may be exported in 1986.

Zimbabwe's tobacco auctions for the 1985/86 crop will begin April 22. Heavy rains early in the season reduced yields but good weather later in the growing season resulted in a good-quality crop. Production is expected to total about 260 million pounds. Last year's crop averaged U.S. $0.71 per pound.

Brazil's output in 1985/86 is estimated at 470 million pounds, 15 percent below the previous year. Production in Brazil is expected to increase in 1986/87 after the shortfall this season.

BURLEY

Effective Quota Smaller; Crop Size To Decline

Under legislation existing in late February, the 1986 basic quota for burley tobacco was set at 525 million pounds, the same as last year. If new legislation is enacted, quota levels may change. Marketings for the 1985 crop totaled about 550 million pounds, about 18 percent below 1984 (from 80 to 110 million pounds were not marketed because of insufficient quotas). Allowing for last season's overquota and underquota marketings brings the previously announced 1986 effective quota to around 510 million pounds, down 6 percent from 1985. This year's price support level is uncertain. Pending legislation would put the support level at $1.488 per pound, the same as last season.

Around March 1, farmers said they intended to set about 8 percent fewer acres than last year. Marketings were nearly complete at the survey date, but there was uncertainty about program changes. Last year, growers marketed about 102 percent of the effective quota. With normal yields, production in 1986 could be 510 to 540 million pounds, down 2 to 7 percent from 1985 marketings. Carryover from the 1985 crop plus 1986 production could result in 590 to 650 million pounds of available tobacco, but quota sufficient to market only about 525 million pounds of it. This level of marketings would provide a 3-percent smaller supply than in the current marketing year.

Supply About Unchanged

The 1985/86 burley supply of 2.01 billion pounds on October 1 was about the same as a year earlier. The supply is about 3.5 times estimated disappearance, well above the desired ratio of 2.6 for a year's use. By last October, the total carryover held by manufacturers, dealers and loan cooperatives was 9 percent above the previous year. However, manufacturer and dealer stocks

Table 21--U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years 1984/85-1985/86 1/
declared weight

Importing country	1984/85	Part year through January 1984/85	Part year through January 1985/86
	Million pounds		
Flue-cured, types 11-14			
United Kingdom	20.1	13.9	10.3
West Germany	41.3	30.2	30.2
Japan	67.9	67.9	65.7
Netherlands	7.1	5.1	9.0
Thailand	11.2	6.1	0
Australia	7.3	5.5	3.6
Italy	14.9	5.6	6.0
Sweden	7.0	5.8	5.9
Norway	2.7	2.0	1.2
Finland	3.9	3.0	2.6
Denmark	11.2	7.0	4.9
Ireland	8.7	5.1	3.0
Belgium-Luxembourg	6.0	3.6	3.1
Switzerland	16.6	13.0	3.1
Republic of Korea	0	0	1.2
Philippines	3.0	1.2	2.7
Spain	27.0	12.0	16.9
Malaysia	6.4	3.4	3.3
Taiwan	21.9	21.5	20.4
Egypt	18.7	18.7	26.1
Other countries	32.7	25.2	21.9
Total	335.6	255.8	241.1
Burley, type 31			
Italy	9.0	.3	1.9
Sweden	1.4	.2	1.6
Denmark	3.3	1.1	1.1
Netherlands	1.4	1.0	.2
Japan	22.8	.2	0
West Germany	21.7	1.8	2.7
Switzerland	10.8	.4	*
United Kingdom	1.0	.2	*
Thailand	6.6	0	0
Philippines	5.5	1.8	3.0
Other countries	18.8	9.5	5.2
Total	102.3	16.5	15.7
Maryland, type 32			
Belgium-Luxembourg	.3	.1	0
West Germany	2.3	.6	1.1
Switzerland	2.3	.8	.3
Other countries	1.9	.4	.3
Total	6.8	1.9	1.7
Ky.-Tenn. fire-cured, types 22-23			
Sweden	.6	.5	2.0
Netherlands	6.9	2.3	3.4
Belgium-Luxembourg	.2	0	0
France	2.3	.4	0
Switzerland	.2	0	.1
Other countries	2.5	.5	.3
Total	12.7	3.7	5.8
Stems, trimmings, and scrap 2/			
Sweden	3.7	.4	0
Denmark	6.8	4.8	1.0
United Kingdom	4.1	2.2	1.2
West Germany	7.9	3.3	3.9
Japan	13.3	12.5	12.8
Other countries	44.7	19.9	16.4
Total	80.5	43.1	35.3

Importing country	1984/85	Part year through January 1984/85	Part year through January 1985/86 2/
	Thousand pounds		
Va. fire & sun-cured, types 21 & 37			
Switzerland	54	0	0
Norway	1,472	518	185
Sweden	297	297	487
West Germany	319	212	0
Other countries	440	331	1,335
Total	2,582	1,360	2,007
One Sucker, type 35			
Bahamas	22	0	0
Zaire	0	0	0
Other countries	0	0	0
Total	22	0	0
Green River, type 36			
United Kingdom	5	0	0
Benin (Dahomey)	0	0	0
Zaire	0	0	0
Other countries	365	365	488
Total	370	365	488
Cigar filler, types 41-44			
Canada	15	0	0
France	0	0	0
Other countries	203	78	44
Total	218	78	44
Binder, types 51-55			
Dominican Republic	3	0	0
Switzerland	0	0	0
Canada	49	45	6
Other countries	227	22	118
Total	279	67	124
Cigar wrapper, types 61-62			
United Kingdom	0	0	0
West Germany	131	41	15
Canada	4	0	6
Dominican Republic	1,545	877	854
Netherlands	181	93	20
Other countries	122	55	120
Total	1,983	1,066	1,015
Black Fat			
Benin (Dahomey)	965	228	103
Cameroon	647	0	0
Niger	252	0	296
Nigeria	324	324	0
Togo	209	0	124
Other countries	253	147	392
Total	2,650	699	915

1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types. 2/ Subject to revision.

Details may not add to total because of rounding. Compiled from publications and records of the Bureau of the Census.

Table 22—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yields, production, carryover, supply, disappearance, season average price, and price support operations, 1976-86 (farm-sales weight)

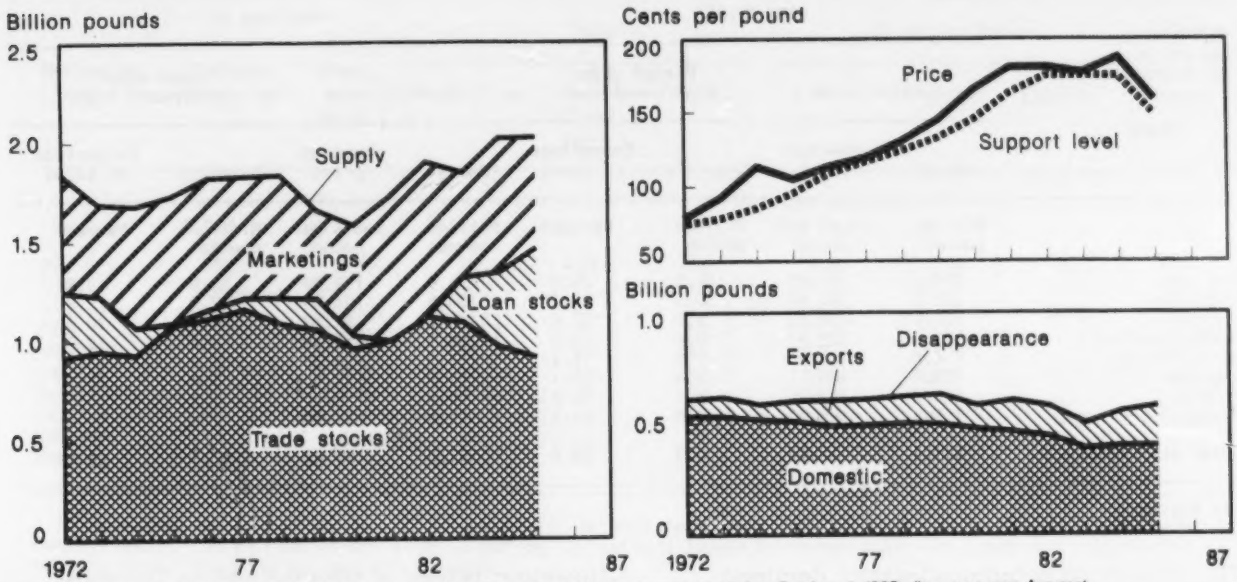
Marketing Year 1/	Acreage Harvested	Yield per acre	Marketings 2/	Beginning stocks 1/			Total supply
				Manufacturers and others	Under loan	Total	
	Thousand acres	Pounds		— Million pounds—			
				Flue-cured, types 11-14			
1976	666.6	1,974	1,316.0	3/ 1,539.1	359.2	3/ 1,898.3	3,214.3
1977	589.3	1,917	1,124.2	1,517.6	556.9	4/ 2,075.0	3,199.2
1978	602.1	2,046	1,205.9	1,517.9	534.0	4/ 2,051.9	3,257.8
1979	502.8	1,881	945.8	1,510.8	564.0	2,074.9	3,020.6
1980	555.1	1,957	1,086.1	1,411.0	554.4	1,965.4	3,051.5
1981	540.6	2,164	1,144.3	1,416.8	595.8	2,012.6	3,156.9
1982	472.3	2,131	993.8	1,626.4	518.7	2,145.1	3,138.9
1983	409.8	2,004	854.8	1,516.3	688.4	2,204.7	3,059.5
1984	392.0	2,206	849.6	1,367.8	797.5	2,165.3	3,014.9
1985	358.1	2,235	791.8	1,247.1	833.1	2,080.2	2,872.0
1986 5/	336.0	2,050	710.0	1,132.0	840.0	1,972.0	2,682.0
				Burley, type 31			
1976	285.8	2,376	663.8	3/ 1,115.3	44.8	3/ 1,160.1	1,823.7
1977	268.6	2,298	612.5	1,162.3	54.9	4/ 1,217.2	1,829.7
1978	261.4	2,396	617.6	1,087.0	113.5	4/ 1,218.4	1,836.0
1979	238.1	1,873	445.8	1,056.3	155.4	1,211.7	1,657.5
1980	276.6	2,027	557.5	959.5	66.3	1,025.8	1,583.3
1981	331.2	2,203	725.6	1,000.2	0	1,000.2	1,725.8
1982	346.2	2,374	776.7	1,120.2	.7	1,120.9	1,897.6
1983	292.6	1,645	526.7	1,092.6	226.1	1,318.7	1,845.4
1984	315.7	2,256	674.0	967.2	377.2	1,344.4	2,018.4
1985	265.3	2,301	550.0	913.0	548.9	1,461.9	2,011.9
1986 5/	242.9	2,175	525.0	851.9	580.0	1,431.9	1,956.9

Marketing Year 1/	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	---Million pounds---			--- Cents ---		Million pounds	Percent
				Flue-cured, types 11-14			
1976	1,148.2	634.0	514.2	110.4	106.0	277.3	21.0
1977	1,147.3	608.2	539.1	117.6	113.8	195.6	17.3
1978	1,182.8	584.1	598.7	135.0	121.0	64.1	5.3
1979	1,083.2	563.2	520.0	140.0	129.3	72.0	7.4
1980	1,038.5	529.6	508.9	144.5	141.5	137.2	12.6
1981	1,011.7	488.8	522.9	166.4	158.7	105.9	9.3
1982	934.5	478.8	455.9	178.5	169.9	259.9	26.3
1983	894.2	441.7	452.5	177.9	169.9	7/ 194.8	7/ 22.9
1984	934.7	454.2	480.5	181.1	169.9	159.2	18.8
1985	6/ 900.0	6/ 420.0	6/ 480.0	171.9	169.9	132.2	16.7
				Burley, type 31			
1976	606.3	489.6	116.8	114.2	109.3	46.6	7.0
1977	611.3	494.8	116.5	120.0	117.3	57.0	9.2
1978	624.3	502.8	121.4	131.2	124.7	67.7	10.8
1979	631.8	498.5	133.3	145.2	133.3	7.3	1.5
1980	583.1	477.6	105.5	165.9	145.9	.0	.0
1981	604.9	463.9	141.0	180.7	163.6	.8	.1
1982	578.9	444.1	134.8	181.0	175.1	269.2	35.0
1983	501.0	388.7	112.3	177.3	175.1	8/ 255.6	8/ 48.5
1984	556.2	402.6	153.6	187.6	175.1	200.3	29.8
1985	6/ 580.0	6/ 410.0	6/ 170.0	159.4	148.8	82.7	14.8

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual or projected marketings in the marketing year. 3/ Adjusted for change in conversion factor January 1, 1977. 4/ Stocks revision January 1, 1979 report. 5/ Estimated from acreage intentions, projected yield. 6/ Estimated. 7/ Includes 163.1 million pounds from the 1983 crop and 31.7 million from the 1982 crop held by the Stabilization Cooperative and offered for sale in the 1983 marketing year. 8/ Includes sales of 1982 crop carryover tobacco.

Details may not add to total because of rounding. Compiled from publications and records of the Bureau of the Census.

Burley Tobacco: Supply, Price, Use

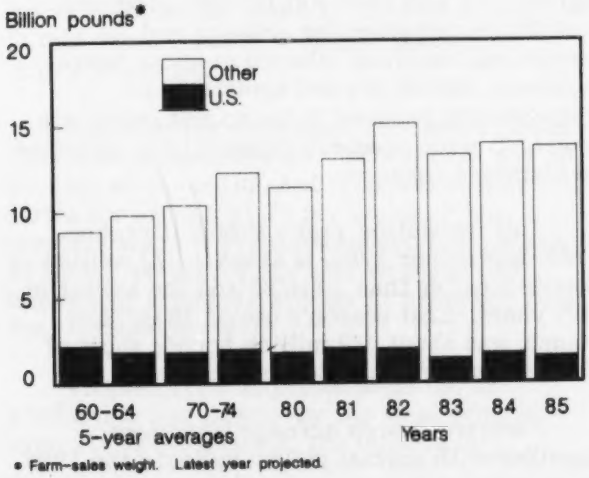


1985 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning October 1. 1985 disappearance forecast.

declined while loan stocks rose sharply. Takings of the 1985 crop by the two grower loan associations reached 83 million pounds, about 15 percent of producer marketings. Loan placements were down 118 million pounds from 1984 because of the smaller crop, lower prices, and the high quality crop.

Despite reduced cigarette output in 1985/86, domestic burley use may increase from last year's 403 million pounds. U.S burley exports in 1985/86 are likely to rise from 154 million pounds in 1984/85. Italy, Germany, Switzerland, and Japan are the leading destinations. World burley production fell about 6 percent in 1985 because of the decline in the United States; foreign production was about the same. Although ample supplies are available, the lower-priced higher-quality 1985 crop will likely boost exports of burley in 1986.

U.S. and World Tobacco Production



* Farm-sales weight. Latest year projected.

1985 Crop Volume and Value Down Considerably

The volume and value of the 1985 burley crop both declined. Quality this season was considered very good, about the same as a year ago. The proportion rated good and fine quality declined, but fair and low increased.

Table 23--Burley tobacco: Price spreads among specified grades, 1976-85

Period	Average price of C4F	Cents per pounds lower than C4F						
		X4F	C4K	B4F	B4FR	B4R	T4R	N1G
	Cents per pound							
1976	118	2	4	2	3	5	9	27
1977	126	2	6	1	2	4	10	33
1978 1/	133	1	6	0	0	2	11	27
1979 1/	147	1	4	0	0	1	3	20
1980 1/	166	0	0	0	0	0	0	2
1981	183	1	3	0	1	2	4	18
1982	187	1	13	0	1	3	11	38
1983	188	3	21	0	0	2	12	57
1984	189	3	9	0	0	1	4	40
1985	160	1	10	0	0	0	3	34

1/ Tied.

Table 24--Burley tobacco: Gross sales, and average price, by States, 1984-85

State	1984 Crop				1985 Crop 1/			
	Auction sales		Placed under Government loan		Auction sales		Placed under Government loan	
	Amount	Average price	Quantity	Percentage of sales	Amount	Average price	Quantity	Percentage of sales
	Million pounds	Cents per pound	Million pounds	Percent	Million pounds	Cents per pound	Million pounds	Percent
Kentucky	500.4	188.25	146.9	29.4	412.9	159.89	56.9	13.8
Tennessee	126.8	185.67	30.5	24.1	108.6	158.94	12.0	12.9
Virginia	27.1	184.72	5.9	21.6	25.7	157.58	4.2	16.4
North Carolina	21.4	183.97	5.0	23.3	19.3	156.39	2.4	12.3
West Virginia	4.8	181.39	1.0	16.1	3.2	156.20	0.4	13.7
Indiana	15.6	188.17	3.6	23.1	12.9	159.08	2.6	20.2
Ohio	13.3	188.75	4.1	30.8	9.9	158.71	1.3	13.8
Missouri	5.7	185.70	3.0	53.2	5.3	157.98	2.9	54.4
Total all States	715.3	187.48	200.3	28.0	597.8	159.43	82.7	13.8

1/ Preliminary.

The proportion rated nondescript declined. Many markets had a large share of lots in baled form, but burley was also sold in burlap sheets and in the traditional tied form. In 1985/86 USDA provided official grading for burley tied in hands, for untied burley packed straight in bales, and for untied burley packed straight in sheets.

Auction prices for the 1985 burley crop (including resales) averaged $1.594 a pound---about 28 cents a pound lower than the previous year. Fine quality flyings, lugs, and leaf averaged only 1 or 2 cents above the support price while nondescript and mixed grades averaged 20 to 30 cents above support. To cut costs, companies concentrated their purchases more in the lower-priced grades.

All markets opened November 25 and the season ended on March 5 in Lexington, Kentucky. As usual, prices declined when markets reopened following the Christmas holidays.

SOUTHERN MARYLAND

Auctions of the 1985 crop of Southern Maryland (type 32) opened March 18, and are tentatively scheduled to run 7 weeks. Prices during the first week for the 1985 crop averaged 3 cents a pound below opening week a year ago. For the 1984 crop (marketed mostly in 1985), growers received $1.35 a pound, 28 cents higher than the year before. However, prices of tobacco sold in Maryland averaged $1.44 a pound, compared with $1.01 in Pennsylvania. The 1985 crop of Maryland tobacco produced in Pennsylvania has largely been sold, at prices averaging about $1.25 per pound.

Maryland tobacco does not receive Government price support and quotas do not apply. In a 1982 referendum growers rejected USDA grading with the required fee, so that service is no longer provided.

Supply Declines

With reduced acreage, growers produced a 1985 crop that was 3.4 million pounds smaller than the previous season. Production fell in both Maryland and Pennsylvania. The Agriculture and Food Act of 1981 provided prohibitive penalties for growing and marketing Maryland tobacco in quota areas. However, quotas are not applicable to Pennsylvania seedleaf tobacco and prices are lower, so some seedleaf growers have switched to Maryland tobacco.

This marketing year's supply (October 1985-September 1986) is about 2-1/2 million pounds smaller than 1984/85 and the lowest in five years. Last season's use of 38 million pounds was about 1/2 million pounds short of marketings for the 1984 crop (table 25).

Farmers' March acreage intentions, together with normal yields, indicate the 1986

Table 25--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1977-86 (farm-sales weight)

Marketing Year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Stocks following Jan. 1	Total	Total	Domestic	Exports	
	Thousand acres	Pounds	------Million pounds------						Cents
1977	25.0	1,230	30.8	45.3	76.1	29.0	19.6	9.4	115.1
1978	24.0	1,275	30.6	41.9	72.5	31.1	21.1	10.1	123.1
1979	19.5	1,130	22.0	41.3	63.4	33.6	23.6	10.0	139.7
1980	24.0	1,091	26.2	32.6	58.8	27.3	18.6	8.7	167.9
1981	36.2	1,281	46.4	37.0	83.4	36.0	27.9	8.1	157.3
1982	29.3	1,433	42.0	40.7	82.7	38.9	26.0	12.9	148.0
1983	31.3	1,196	37.4	2/ 40.6	78.0	33.8	29.7	4.1	106.9
1984	27.3	1,396	38.1	2/ 41.3	79.4	37.7	28.7	9.0	135.2
1985 2/	24.5	1,414	34.7	2/ 42.2	76.9				
1986 3/	23.5								

1/ Year beginning October 1. 2/ Adjusted to reflect calendar 1983-1985 sales of tobacco produced in Pennsylvania. 3/ Estimates of March planting intentions based on intentions for types and classes of tobacco other than burley and flue-cured.

crop may be smaller than last season, so the supply for 1986/87 may be a little smaller.

FIRE-CURED

Smaller Crop Brings Mixed Prices

With a smaller crop than last year, this season's auction prices for Virginia fire-cured (type 21) are higher, but Kentucky-Tennessee fire-cured (types 22-23) prices are lower. However, farm purchase prices of types 22-23 were up a little from a year ago. Quality was not quite as good (although Virginia fire-cured quality improved), and loan associations are taking more even though the crop is smaller. Auction prices for types 22-23 averaged $1.42 in mid-March, about 6 cents a pound lower than a year earlier.

Auctions for Kentucky-Tennessee (types 22-23) began January 13. Between 25 and 30 percent of the estimated crop was sold on farms for around $1.75 per pound. This season's auction averages ranged from about $1.80 per pound for the best wrapper and heavy leaf grades to around 35 cents per pound for N2 (nondescript).

Virginia type 21 prices were up, as production was down. By the final sales of type 21, on February 6, the volume of producer sales had declined more than 1 1/2 million pounds from last season. 17 percent of the crop was placed under loan, a little lower percentage than in 1984/85. The crop consisted of more heavy leaf and lugs but less thin leaf. The proportion of low-quality grades increased, but the proportion of mixed color tobacco fell sharply. However, the proportion of green color tobacco increased a little.

Output of snuff, the principal domestic use of fire-cured tobacco, declined during October-December, but exports were higher. Foreign fire-cured production was up slightly in 1985. U.S. exports are likely to rise from last season's low level the remainder of this marketing year, but domestic use may decline.

Acreage Allotments Reduced

This year's acreage allotments were reduced 12 percent for Kentucky-Tennessee fire-cured (19,678 acres) while Virginia fire-cured allotments were unchanged. However, the Virginia fire-cured acreage allotment will decline 2 percent because of adjustments for farms that in recent years have produced less than 75 percent of their allotment (7,621 acres). Acreage harvested by States as a percent of allotments in 1985 was: Kentucky, 99 percent; Tennessee, 97 percent; and Virginia, 48 percent. The 1984 figures

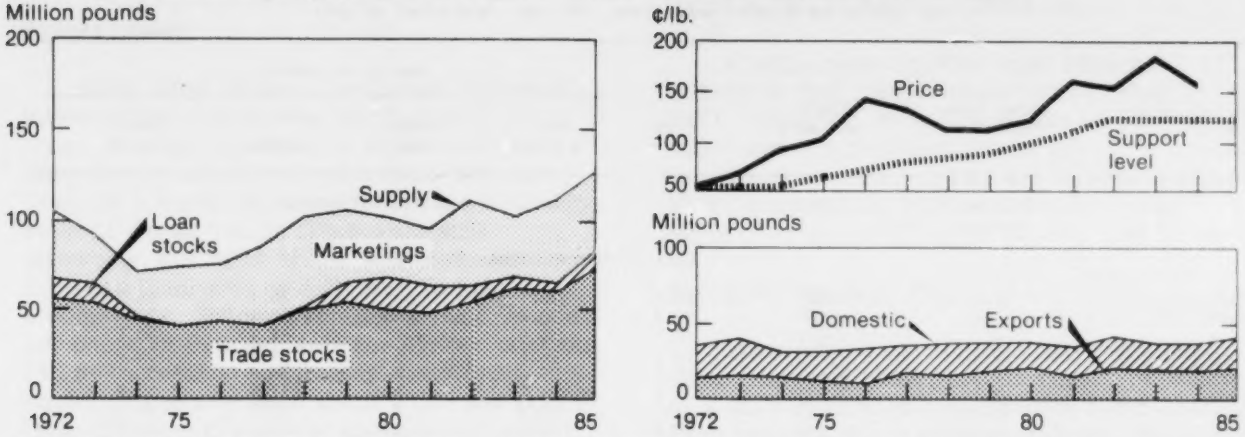
Table 26—Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1977-86 (farm-sales weight)

Mkt. yr. begin. Oct. 1	Acre. harvested	Yield per acre	Prod.	Beginning stocks: Mfrs. & other	Beginning stocks: Under loan	Beginning stocks: Total	Total supply
	Thousand acres	Pounds		Million pounds			
	Kentucky-Tennessee fire-cured, types 22-23						
1977	25.6	1,767	45.2	41.2	1/	41.2	86.4
1978	27.1	1,898	51.4	50.0	1.0	51.0	102.4
1979	22.1	1,791	39.6	54.0	11.1	65.1	104.7
1980	19.4	1,680	32.6	48.9	19.1	68.0	100.6
1981	20.6	1,578	32.4	48.4	14.7	63.1	95.5
1982	23.5	2,030	47.7	54.5	8.0	62.5	110.2
1983	21.5	1,511	32.5	62.3	6.4	68.7	99.4
1984	23.7	2,133	50.5	60.4	3.8	64.2	114.7
1985	21.8	2,012	43.9	74.2	10.1	84.3	128.2
1986 2/	19.7						
	Virginia fire-cured, type 21						
1977	7.2	1,000	7.2	7.0	1/	6.7	13.9
1978	6.1	1,120	6.8	7.9	.8	8.7	15.5
1979	4.8	1,135	5.4	8.2	2.7	10.9	16.3
1980	3.9	935	3.6	6.0	3.3	9.3	12.9
1981	4.1	1,265	5.2	5.7	2.6	8.3	13.5
1982	4.8	1,150	5.5	6.7	2.3	9.0	14.5
1983	4.7	985	4.6	7.9	2.4	10.3	15.1
1984	4.6	1,325	6.1	5.6	2.4	8.0	13.8
1985	3.7	1,200	4.4	6.9	3.1	10.0	14.4
1986 2/	3.0						

	Disappearance: Total	Disappearance: Domestic	Disappearance: Exports	Aver. price per lb.	Price support level	Placed under loan: Quantity	Placed under loan: % of crop
	Million pounds			Cents		Million pounds	Percent
	Kentucky-Tennessee fire-cured, types 22-23						
1977	35.4	17.4	18.0	132.3	79.5	1.1	2.4
1978	37.3	15.1	22.2	112.5	84.6	11.3	22.2
1979	36.7	18.0	18.7	115.2	90.3	11.4	28.8
1980	37.5	19.7	17.8	121.9	98.9	2.1	6.4
1981	33.0	14.5	18.5	161.1	111.0	1.1	2.8
1982	41.5	20.9	20.6	156.0	123.0	4.4	9.2
1983	37.0	16.4	20.6	181.7	123.0	2.0	6.0
1984	30.4	15.7	14 7	155.4	123.0	7.5	14.8
1985					123.0	3/ 8.4	3/ 19.1
	Virginia fire-cured, type 21						
1977	5.2	2.8	2.4	96.2	79.5	1.0	14.4
1978	4.6	1.0	3.6	94.5	84.6	1.8	26.2
1979	7.0	3.2	3.8	107.9	90.3	.9	16.3
1980	4.6	2.6	2.0	128.1	98.9	.3	7.2
1981	4.5	1.8	2.7	131.7	111.0	.3	5.9
1982	4.2	2.7	1.5	117.6	118.8	.4	8.1
1983	6.9	4.8	2.1	126.8	118.8	.4	8.6
1984	4.1	1.1	3.0	117.8	118.8	1.1	18.0
1985					118.8	.8	17.0

1/ Less than 50,000 pounds. 2/ Estimate of March planting intentions based on intentions for types and classes of tobacco other burley and flue-cured. 3/ Through March 20.

Fire-Cured-Types 22-23: Supply, Price, Use



1985 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning October 1. 1985 disappearance forecast.

were: Kentucky, 96 percent; Tennessee, 96 percent; and Virginia, 54 percent. Still, the percentages have grown in recent years because of reduced allotments, favorable grower prices, and less favorable prospects for alternative crops. As recently as 1980, fire-cured acreages were considerably underplanted in all States. Acreage harvested as a percentage of allotments in 1980 was: Kentucky, 63 percent; Tennessee, 75; and Virginia, 41. In 1986, fewer acres are expected in Kentucky and Tennessee because of reduced allotments.

Carryover of fire-cured tobacco on October 1 likely will decline from the 94 million pounds of a year earlier. With average yields on the intended acreage, a 1986 crop of around 39 million pounds is projected. The indicated supply is near the current year's total of 142 million pounds.

DARK AIR-CURED

Supplies Rise, Prices Lower

Grade prices for the 1985 crops of dark air-cured and Virginia sun-cured tobacco (types 35-37) were lower than during the 1984 season. Quality of types 35 and 36 declined while quality of type 37 improved. The total air-cured crop was down nearly 20 percent. Auction sales started in late November and closed in late February. Auction prices were 4 cents a pound lower for One-Sucker (type 35), 2 cents a pound lower for Green River (type 36), but were 6 cents a pound higher for sun-cured (type 37). Around 20 percent of the One-Sucker crop was sold in the country. Farm sales averaged about $1.45 a pound, about 10 cents above a year earlier.

Auction-price averages were lower for most grades. The largest declines occurred for lugs, whereas heavy and thin leaf prices were changed little from a year ago.

This season's supply of dark air-cured tobacco was 65 million pounds, about 1-1/2 million more than last season (table 27). The chief domestic outlets for dark air-cured tobacco are plug and twist chewing tobacco. Output of these products fell in 1985, and domestic disappearance of dark air-cured fell. This season, use of dark air-cured tobacco is expected to fall short of the 1985 crop, which will result in a larger October 1 carryover.

Allotments Reduced

Allotments for the 1986 crops of types 35-36 are 6,166 acres, about 25 percent lower than a year earlier. Even though allotments were unchanged, Virginia sun-cured, at 1,030 acres, is down about 4 percent from last season because of adjustments for underplantings in recent years. Growers of dark air-cured tobacco may set about 21 percent fewer acres this year than last. This indicates lower production, and even with carryin stocks a little higher, the 1986/87 supply may decline from the 65 million pounds of 1985/86.

Table 27—Dark air-cured tobacco, types 35-36, and sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1977-86 (farm-sales weight)

Marketing yr. begin. Oct. 1	Acre. harvested	Yield per acre	Prod.	Beginning stocks			Total supply
				Mfrs. & other	Under loan	Total	
	Thousand acres	Pounds	- - - -Million pounds- - - -				
			Dark air-cured, types 35-36				
1977	11.2	1,809	20.4	26.1	—	26.1	46.5
1978	11.2	1,969	22.2	30.4	1/	30.4	52.6
1979	9.7	1,665	16.1	30.0	4.1	34.1	50.2
1980	9.3	1,745	16.2	28.6	5.6	34.2	50.4
1981	9.7	1,614	15.7	29.6	6.8	36.4	52.1
1982	10.2	1,951	19.9	29.8	8.1	37.9	57.8
1983	8.7	1,643	14.3	29.2	13.1	42.3	56.6
1984	8.8	2,157	19.0	33.2	9.5	42.7	61.7
1985	7.9	1,984	15.7	32.8	15.0	47.8	63.5
1986 2/	6.2						
			Sun-cured, type 37				
1977	.8	1,030	.8	1.8	0	1.8	2.6
1978	.7	1,205	.9	1.8	0	1.8	2.7
1979	.5	1,055	.6	2.2	0	2.2	2.8
1980	.4	1,010	.4	2.0	0	2.0	2.4
1981	.5	1,320	.7	1.6	0	1.6	2.3
1982	.6	1,290	.7	1.6	0	1.6	2.3
1983	.5	780	.4	1.5	0	1.5	1.9
1984	.4	1,340	.6	1.4	0	1.4	2.0
1985	.2	1,150	.2	1.1	.3	1.4	1.6
1986 2/	.2						

Marketing yr. begin. Oct. 1	Disappearance			Aver. price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percent of crop
	- - - Million pounds - - -			Cents		Million pounds	Percent
				Dark air-cured, types 35-36			
1977	16.1	13.6	2.4	117.7	70.7	1/	—
1978	18.4	15.7	2.7	99.1	75.2	4.3	19.7
1979	16.0	14.2	1.8	111.7	80.4	2.2	13.7
1980	14.0	12.0	2.0	126.5	88.0	1.4	8.6
1981	14.2	12.3	1.9	133.0	98.7	1.5	9.6
1982	15.5	14.6	.9	122.9	105.7	5.7	28.8
1983	13.9	11.7	2.2	151.3	105.7	1.3	8.6
1984	13.9	11.5	2.4	127.9	105.7	6.1	32.2
1985					104.7	4.5	29.0
				Sun-cured, type 37			
1977	.8	.6	.1	100.0	70.7	3/ 13	1.6
1978	.5	.3	.2	88.8	75.2	3/ 109	12.4
1979	.8	.6	.2	90.8	80.4	3/ 30	5.2
1980	.8	.7	.1	127.1	88.0	0	0
1981	.7	.6	.1	131.7	98.7	3/ 4	.7
1982	.8	.7	.1	106.4	109.4	3/ 69	9.4
1983	.5	.4	.1	132.5	109.4	3/ 1	.3
1984	.6	.4	.2	94.3	109.4	3/ 262	44.4
1985					109.4	3/ 53	23.0

1/ Less than 50,000 pounds. 2/ Estimate of March planting intentions based on intentions for types and classes of tobacco other than burley and flue-cured. 3/ Quantity placed under loan in thousands of pounds.

CIGAR TOBACCO

Prices Lower

Most cigar tobacco producers received lower prices than a year ago for their 1985 crop. A larger quantity of cigar tobacco is expected to be placed under loan than last season's 1.4 million pounds. By late February, sales of Pennsylvania filler were still underway, but most of the Wisconsin binder crop had been sold or delivered to loan associations. Prices averaged around 90 cents per pound in Pennsylvania for earlier sales but fell as the season progressed. Wisconsin binder prices averaged about $1.03 per pound. Ohio cigar types sold for about $1.00 per pound. Prices were generally lower for Pennsylvania and Ohio filler and Wisconsin binder tobacco than a year ago. Prices for Connecticut binder (type 51) averaged about $1.90 per pound, and were a little higher than last season. Connecticut binder (type 52) prices averaged about $1.60 per pound, also a little higher than a year ago. Season average price and production data for the 1985 crop will be released by the Crop Reporting Board on May 9.

Overall price support levels for this year's crop of cigar tobacco could increase about 1 1/2 percent. Again this season there are no price supports for Pennsylvania filler (type 41), Connecticut binder (types 51–52), or shade grown cigar wrapper (types 61–62). For type 62, Georgia–Florida wrapper, no production is expected.

The no–net–cost assessment for growers of Puerto Rican cigar filler (type 46) has not been set for the 1985 crop (currently being marketed). Last year's contribution was 52 cents. In addition, the Puerto Rican tobacco cooperatives deducted 6.2 cents a pound to cover overhead costs. The no–net–cost contribution for cigar filler types 42–44 was 10 cents per pound; cigar binder type 54 was 2 cents and cigar binder type 55, 3 cents.

U.S. and Puerto Rican Supplies Decline

Total supplies of U.S. and Puerto Rican cigar tobacco for this season are about 4 percent below the previous season; the decline in carryin more than offset a small increase in production. Cigar binder supplies declined 2 percent, filler declined 6 percent, and wrapper supplies fell 11 percent (table 28).

A little more foreign cigar tobacco arrived in the United States in 1985 than in 1984. However, even though use of foreign cigar tobacco declined, stocks of foreign–grown leaf on January 1, 1986 totaled 89 million pounds, 2 percent below a year earlier but about 25 million above 1985's use.

Domestic Use May Fall

The demand for domestically produced cigar filler and binder has decreased because of a shift to foreign suppliers for loose–leaf chewing tobacco, leaving sizable but declining inventories of domestic leaf. Last year, cigar makers continued to obtain most of their requirements from imports. However, the imported share declined from a year earlier.

Consistent with recent trends, U.S. cigar leaf use this season may decline a little from a year ago. Tobacco disappearance may be 5 or 6 million pounds above the 1985 crop, dropping the 1985 carryover to around 115 million, the lowest on record.

Cigar Filler and Binder Allotments Reduced

For most farms growing cigar filler and binder tobacco (types 42–44 and 53–55), USDA reduced this year's acreage allotments about 20 percent from a year earlier. For Puerto Rican cigar tobacco (type 46), the Puerto Rican Department of Agriculture has not yet set the quota for 1985/86.

Based on the March 1 planting intentions report, cigar–type acreage could fall about 11 percent from last year because allotments were reduced and prices were a little lower for the 1985 crop. Shade–grown wrapper production may not change much but will remain much lower than the 1975–80 average. A major cigar manufacturer reduced use sharply after it shifted to homogenized wrapper that requires much less natural wrapper.

Overall, cigar tobacco production in 1986/87 is projected a little lower than last year's crop. Supplies will decrease because both carryover and production will decline.

Table 28--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1977-86 (farm-sales weight)

Crop Year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
			Pennsylvania seedleaf filler (type 41)						
1977	13.5	1,940	26.2	49.7	75.9	21.8	21.6	.2	60.0
1978	13.0	1,940	25.2	54.1	79.3	25.6	23.5	.1	62.0
1979	11.2	1,580	17.7	55.7	73.4	24.3	24.0	.3	72.0
1980	13.0	1,900	24.7	49.1	73.8	21.7	21.4	.3	87.0
1981	13.3	2,050	27.3	52.1	79.4	27.1	26.9	.2	80.0
1982	10.7	2,000	21.4	52.3	73.7	19.6	19.2	.4	73.0
1983	7.7	1,850	14.2	54.1	68.3	20.3	20.0	.3	83.0
1984	7.7	1,900	14.6	48.0	62.6	20.1	19.9	.2	90.0
1985	8.0	1,950	15.6	42.5	58.1				
1986 2/	7.5								
			Ohio, Miami, Valley filler (types 42-44)						
1977	1.8	2,025	3.6	6.0	9.6	2.6	2.6	--	62.0
1978	1.6	1,850	3.0	7.0	10.0	3.7	3.7	--	64.0
1979	1.3	1,500	2.0	6.3	8.3	4.5	4.5	--	87.0
1980	1.4	1,700	2.4	3.8	6.2	4.1	4.1	--	107.0
1981	1.7	1,440	2.5	4.0	6.5	2.1	2.1	--	105.0
1982	1.8	1,950	3.5	4.4	7.9	2.0	2.0	--	90.0
1983	1.4	1,370	1.9	5.9	7.8	1.9	1.9	--	75.0
1984	1.1	2,000	2.2	5.9	7.9	1.9	1.9	--	90.0
1985	.8	2,050	1.7	6.2	7.9				
1986 2/	.7								
			Puerto Rico filler (type 46) 3/						
1977	2.6	1,480	3.9	6.4	10.3	3.9	3.9	--	60.2
1978	2.2	1,400	3.1	6.4	9.5	2.6	2.6	--	57.0
1979	2.0	1,000	2.0	6.9	8.9	.8	.8	--	69.1
1980	1.1	1,380	1.5	8.1	9.6	1.6	1.6	--	73.5
1981	.6	1,000	.6	8.0	8.6	1.3	1.3	--	86.0
1982	.3	1,000	.3	7.3	7.6	.8	.8	--	91.0
1983	.8	1,000	.8	6.8	7.6	1.5	1.5	--	91.0
1984	.6	1,000	.6	6.1	6.7	.3	.3	--	91.0
1985	.6	1,000	.6	6.4	7.0				
1986 2/	.6								
			Total cigar filler (types 41-46)						
1977	17.9	1,883	33.7	62.1	95.8	28.3	27.0	.3	60.2
1978	16.8	1,863	31.3	67.5	98.8	29.9	29.8	.1	61.5
1979	14.5	1,475	21.7	68.9	90.6	29.6	29.3	.3	73.1
1980	15.5	1,845	28.6	61.0	89.6	27.5	27.0	.5	87.5
1981	15.6	1,949	30.4	64.1	94.5	30.5	30.3	.2	82.1
1982	12.8	1,969	25.2	64.0	89.2	22.4	22.0	.4	75.6
1983	9.9	1,707	16.9	66.8	83.7	23.7	23.4	.3	82.4
1984	9.4	1,907	17.4	60.0	77.4	22.3	22.1	.2	90.0
1985	9.4	1,904	17.9	55.1	73.0				
1986 2/	8.8								
			Connecticut Valley binder (types 51-52)						
1977	1.4	1,784	2.5	4.3	6.8	1.9	1.9	*	121.3
1978	1.5	1,734	2.6	4.9	7.5	2.1	2.0	.1	144.9
1979	1.5	1,637	2.4	5.5	7.9	2.2	2.0	.2	161.5
1980	1.5	1,750	2.6	5.7	8.3	2.2	2.0	.2	178.8
1981	1.7	1,998	3.5	6.1	9.6	2.5	2.4	.1	182.1
1982	2.1	1,660	3.5	7.1	10.6	3.5	3.1	.2	180.9
1983	1.4	1,793	2.5	7.3	9.8	3.2	3.0	.2	155.7
1984	1.1	1,794	1.9	6.7	8.6	2.7	2.4	.3	167.6
1985	1.2	1,821	2.1	5.9	8.0				
1986 2/	1.1								
			Southern Wisconsin binder (type 54)						
1977	6.2	2,020	12.5	23.8	36.3	10.2	10.2	--	84.6
1978	6.2	1,800	11.2	26.0	37.2	11.4	11.4	--	100.5
1979	6.3	2,080	13.1	25.8	38.9	--	--	--	117.0
1980	6.3	2,110	13.3	4/	--	--	--	--	125.0
1981	6.4	2,150	13.8	4/	--	--	--	--	113.0
1982	5.1	2,110	10.8	4/	--	--	--	--	106.0
1983	4.4	2,080	9.2	4/	--	--	--	--	110.0
1984	3.9	2,105	8.2	4/	--	--	--	--	111.0
1985	3.9	2,080	8.1	4/	--				
1986 2/	3.1								

See footnotes at end of table.

Continued

Table 28--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1977-86 (farm-sales weight)--continued

Crop year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
			Northern Wisconsin binder (type 55)						
1977	5.8	2,045	11.9	16.2	28.1	9.1	9.1	.1	85.5
1978	5.9	1,550	9.1	19.1	28.2	8.9	8.9	.1	100.5
1979	6.6	1,810	11.9	19.3	31.2	--	--	*	117.0
1980	6.6	1,920	12.7	4/	--	--	--	--	125.0
1981	7.3	1,725	12.6	4/	--	--	--	--	108.0
1982	5.0	1,875	9.4	4/	--	--	--	--	101.0
1983	4.2	1,795	7.5	4/	--	--	--	--	109.0
1984	4.2	1,950	8.2	4/	--	--	--	--	110.0
1985	4.3	1,890	8.1	4/	--	--	--	--	
1986 2/	3.5								
			Total Wisconsin binder (types 54-55)						
1977	12.0	2,032	24.4	40.0	64.4	19.3	19.3	.1	85.0
1978	12.1	1,678	20.3	45.1	65.4	20.1	20.1	*	100.5
1979	12.9	1,942	25.0	45.3	70.3	21.4	21.4	*	117.0
1980	12.9	2,013	26.0	48.9	74.9	21.3	21.3	*	125.0
1981	13.7	1,924	26.4	53.6	80.0	20.0	20.0	*	110.6
1982	10.1	1,994	20.1	60.0	80.1	19.8	19.8	*	103.7
1983	8.6	1,941	16.7	60.3	77.0	18.5	18.5	*	109.6
1984	8.1	2,025	16.4	58.5	74.9	17.5	17.5	*	110.5
1985	8.2	1,980	16.2	57.4	73.6				
1986 2/	6.6								
			Total Cigar binder (types 51-55)						
1977	13.4	2,007	26.8	44.3	71.1	21.1	21.1	.1	88.4
1978	13.6	1,684	22.9	50.0	72.9	22.2	22.2	.1	105.6
1979	14.4	1,911	27.5	50.8	78.3	23.6	23.4	.2	120.9
1980	14.4	1,985	28.6	54.6	83.2	23.5	23.3	.2	129.9
1981	15.4	1,932	29.8	59.7	89.5	22.5	22.4	.1	118.9
1982	12.2	1,939	23.6	67.1	90.7	23.1	22.9	.2	115.2
1983	10.0	1,920	19.2	67.6	86.8	21.6	21.4	.2	115.5
1984	9.2	1,998	18.3	65.2	83.5	20.2	19.9	.3	116.6
1985	9.4	1,961	18.3	63.3	81.6				
1986 2/	7.7								
			Connecticut Valley shade-grown (type 61)						
1976	4.2	1,555	6.6	7.5	14.1	5.2	1.8	3.4	540.0
1977	3.3	1,544	5.1	8.9	14.0	4.7	.5	4.2	600.0
1978	2.7	1,392	3.8	9.3	13.1	5.0	.1	4.9	750.0
1979	2.7	1,472	4.0	8.1	12.1	5.4	.5	4.9	850.0
1980	3.0	1,513	4.5	6.8	11.3	5.9	2.3	3.6	980.0
1981	2.6	1,592	4.1	5.3	9.4	4.5	2.9	1.6	1000.0
1982	1.1	1,421	1.6	4.9	6.5	3.2	2.2	1.0	1250.0
1983	1.0	1,706	1.7	3.3	5.0	1.3	.4	.9	1100.0
1984	1.2	1,414	1.7	3.7	5.4	2.7	.7	2.0	1250.0
1985	1.4	1,522	2.1	2.7	4.8				
1986 2/	1.4								
			Total shade-grown (types 61-62) 5/						
1976	4.6	1,565	7.2	13.6	20.8	7.7	3.8	3.8	528.2
1977	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	591.4
1978	2.7	1,392	3.8	12.7	16.5	6.3	1.0	5.3	750.0
1979	2.7	1,472	4.0	10.2	14.2	6.5	1.1	5.4	850.0
1980	3.0	1,513	4.5	7.8	12.3	6.1	2.2	3.9	980.0
1981	2.6	1,592	4.1	6.2	10.2	5.0	3.4	1.6	1000.0
1982	1.1	1,421	1.6	5.2	6.8	3.4	2.4	1.0	1250.0
1983	1.0	1,706	1.7	3.4	5.1	1.4	.4	1.0	1100.0
1984	1.2	1,414	1.7	3.7	5.4	2.7	.7	2.0	1250.0
1985	1.4	1,522	2.1	2.7	4.8				
1986 2/	1.4								
			Grand total cigar tobacco (types 41-62)						
1977	34.7	1,900	65.9	119.5	185.4	55.2	50.0	5.2	114.9
1978	33.1	1,752	58.0	130.1	188.2	58.6	53.2	5.5	122.1
1979	31.6	1,684	53.2	129.9	183.1	59.7	53.8	5.9	156.4
1980	32.9	1,875	61.7	123.4	185.1	57.1	52.5	4.6	175.3
1981	33.6	1,914	64.3	130.0	194.3	58.0	56.1	1.9	158.3
1982	26.1	1,931	50.4	136.3	186.7	48.9	47.3	1.6	131.2
1983	20.9	1,809	37.8	137.8	175.6	46.7	45.2	1.5	145.7
1984	19.8	1,889	37.4	128.9	166.3	45.2	42.7	2.5	156.8
1985	20.2	1,896	38.3	121.1	159.4				
1986 2/	17.9								

1/ October 1 for types 41-55; July 1 for types 61-62. 2/ Estimates of March planting intentions based on intentions for types and classes of tobacco other than burley and flue-cured. 3/ Puerto Rican planting occurs late in calendar year. Price per pound excludes payment by Puerto Rican Government. 4/ Not available. 5/ Includes Georgia-Florida shade-grown, type 62, which has not been grown since 1978. July 1, 1978, stocks were 0.1 million pounds. See TS-176 for annual supply and disappearance. *Less than 50,000 pounds.

Table 29--Marketing quota referendums, by kinds of tobacco

Kind (type numbers in parentheses) and basis of quotas 1/	Last referendum				Next referendum	
	Date	Crops to which applicable	Number voting	Percentage voting in favor of quota 2/	Probable date 3/	Crops to which applicable
Flue-cured (11-14) Acreage-poundage	March 10-13, 1986	1986-88	83,449	93.7	Dec. 1989	1989-92
Burley (31) Poundage	March 24-27, 1986	1986-88	4/	4/	Feb. 1989	1989-92
Maryland (32)	Feb. 24-27, 1986	1986-88	1,058	21.1	Feb. 1989 5/	1989-92
Fire-cured (21-23) Acreage	Feb. 19-22, 1985	1985-87	8,489	92.6	Feb. 1988	1988-90
Dark air-cured (35-36) Acreage	Feb. 19-22, 1985	1985-87	7,356	93.5	Feb. 1988	1988-90
Va. sun-cured (37)	Feb. 24-27, 1986	1986-88	99	94.9	Feb. 1989	1989-92
Pa. filler (41)	Feb. 24-27, 1986	1986-88	344	13.4	Feb. 1989 5/	1989-92
Cigar binder (51-52)	Feb. 24-27, 1986	1986-88	84	8.3	Feb. 1989	1989-92
Cigar filler and binder (42-44, 53-55)	Feb. 27-March 1, 1984	1984-86	3,393	82.4	Feb. 1987	1987-89

1/ Quota based on acreage allotments unless otherwise specified. 2/ A majority of two-thirds or more of farmers voting is required for marketing quotas to become effective under the acreage allotment program or acreage-poundage program. 3/ Probable month, but referendums can occur earlier if warranted by pertinent considerations. 4/ Not available at press time. 5/ Unless at least a fourth of the growers petition the Secretary of Agriculture in the interim.

ECONOMIC IMPORTANCE OF THE U.S. TOBACCO INDUSTRY

by

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Abstract: About 180,000 farms grow tobacco in the United States. Value of tobacco sales usually ranks fifth or sixth among crops. Producers spend about $800 million on production inputs and services other than wages to hired workers. In 1982, about 58,000 persons were employed in 163 tobacco manufacturing establishments. Payroll totaled $1.32 billion and value added by manufacturers amounted to nearly $9 billion. Non-tobacco materials used amounted to $1.36 billion. Manufacturers spent $1.9 billion advertising cigarettes in 1983. Federal, State, and local taxes amounted to about $ 9.2 billion last year. About 241,000 retail outlets sell tobacco products. Tobacco is also an important export commodity that contributed over $2 billion to the U.S. balance of payments in 1985.

Keywords: Tobacco production, marketing, manufacturing, value added, expenditures.

The United States tobacco industry is far-reaching. Segments of the industry include production, manufacturing, advertising, distribution, sales, and tax collections. This article describes these activities and associated expenditures and updates two previous articles on this subject (1,2). 1/

Production and Marketing

Tobacco is grown on about 180,000 farms (3). In addition to growers, tobacco provides income for many additional quota owners, hired workers, and their families. Although tobacco is grown on about 0.2 percent of the nation's cropland, sales totaled $2.67 billion in 1984, and accounted for about 2 percent of farm cash receipts from marketings. Tobacco sales represented 3.6 percent of cash receipts from crops (table 30). It usually ranks fifth or sixth among cash crops and ninth or tenth among all U.S. farm commodities in value of sales.

More than two-fifths of the States produce tobacco, but six States--North Carolina, Kentucky, Georgia, South Carolina, Virginia, and Tennessee--produce 92 percent of the total. In North Carolina and Kentucky, tobacco accounted for over one-fourth of total cash receipts. South Carolina, Virginia, Tennessee, and Connecticut each received more than a tenth of their farm cash receipts from tobacco in 1984.

Gross receipts from an acre of tobacco may average over $3,500, in comparison to under $350 for feed and food grains such as corn and wheat. However, net returns show less, though still considerable, difference because of higher production costs. Net returns from an acre of tobacco generally exceed gross returns from food and feed grains.

In 1984, about 174 million hours of farm work went into tobacco production, compared with 286 million in 1975 (4). Labor use per acre declined from 264 to 220 hours during this period because of mechanization, and improved techniques of planting, growing, harvesting, curing, and marketing. There has been an almost complete switch from handtied to loose-leaf preparation of burley tobacco. Much of the labor comes from farm operators and their families. However, many producers hire some labor because of the high seasonal requirements. In fact, most flue-cured producers now hire labor during harvest because of the high seasonal requirements and the growth in size of operation.

1/ Numbers in parentheses refer to items in literature cited at the end of this article.

Table 30--Cash receipts from farm marketings, and tobacco, 1976-85

Period	Cash receipts				Tobacco as a percentage of	
	Livestock and products	All crops	Total farm	Tobacco	All crop	Total cash receipts
	Million dollars				Percent	
1976	46,112	48,668	94,780	2,310	4.7	2.4
1977	47,639	48,650	96,289	2,331	4.8	2.4
1978	59,213	53,711	112,924	2,606	4.8	2.3
1979	68,522	63,394	131,916	2,271	3.6	1.7
1980	67,405	69,026	136,431	2,672	3.9	1.9
1981	68,785	73,943	142,728	3,295	4.5	2.3
1982	69,430	73,847	143,277	3,382	4.6	2.4
1983	69,443	66,817	136,260	2,831	4.2	2.1
1984	72,739	69,096	141,834	2,841	4.1	2.0
1985 1/	69,623	73,909	143,532	2,671	3.6	1.9

1/ Preliminary.

Table 31--Tobacco manufacturing establishments, 1977 and 1982

Industry	Establishments		All employees				Value added		Value of production	
	1977	1982	Number		Payroll		1977	1982	1977	1982
			1977	1982	1977	1982				
	Number		Thousands		- - - Million dollars - - -					
Tobacco stemming and redrying	78	60	10.7	8.3	96.1	119.8	216.5	312.6	2,076.2	3,015.4
Cigarettes	14	14	39.0	41.5	567.7	1,093.7	3,803.1	8,098.3	6,377.4	12,126.8
Cigars	101	60	7.7	5.1	54.9	58.5	125.6	133.3	242.7	253.7
Chewing and smoking tobacco	35	29	3.2	3.1	32.1	51.6	188.9	420.5	354.3	665.4
Total	228	163	60.6	58.0	750.8	1,323.6	4,334.1	8,964.7	9,050.6	16,061.3

Source: Bureau of Census, 1982 Census of Manufacturers; Industry Statistics, 1985.

In addition to labor, tobacco production requires sizable inputs from service and marketing industries. Excluding labor, budget data indicate producers spend more than one-fourth of their cash receipts from tobacco for fertilizers, chemicals, gasoline, petroleum, curing facilities, machinery, custom work, transportation, warehouse charges, and other crop expenses (5,6). In 1985, these expenses amounted to an estimated $800 million.

U.S. growers sell about 95 percent of their tobacco through auction markets; the remainder is sold and delivered directly to manufacturers and dealers. In 1985, there were 153 tobacco markets with about 585 tobacco warehouses. The warehouses had an estimated annual payroll of $25 million.

Manufacturing

Tobacco manufacturing contributes importantly to the economies of North Carolina, Kentucky, Virginia, and Georgia where most manufacturing occurs. Cigarettes account for about 90 percent of value added

Table 32--U.S. cigarette advertising and promotional expenditures, 1980-83 1/

Type of Advertising	Year							
	1980		1981		1982		1983	
	Million Dollars	Percent	Million Dollars	Percent	Million Dollars	Percent	Million Dollars	Percent
Newspaper	304.4	24.5	358.1	23.1	283.7	15.8	200.7	10.6
Magazines	266.2	21.4	291.2	18.8	349.3	19.4	388.4	20.4
Outdoor	193.3	15.6	228.1	14.7	267.8	14.9	295.3	15.5
Transit	26.2	2.1	21.9	1.4	24.1	1.4	26.7	1.4
Point of Sale	79.8	6.4	99.0	6.4	117.1	6.5	170.1	8.9
Promotional Allowances	179.1	14.4	229.1	14.8	272.3	15.1	366.2	19.3
Sampling Distribution	50.5	4.1	81.5	5.3	141.4	7.9	126.0	6.6
Other Distribution	69.2	5.6	115.1	7.4	95.5	5.3	127.3	6.7
Public Entertainment	16.9	1.4	37.4	2.4	63.2	3.5	76.7	4.0
Other	56.7	4.6	86.3	5.6	186.0	10.3	124.1	6.5
Total	1,242.3	100.0	1,547.7	100.0	1,800.4	100.0	1,901.5	100.0

1/ TV and radio advertising banned effective January 2, 1971.

Source: "Statistical Supplement to FTC Report to Congress", June 1985, revised.

Table 33—Expenditures for tobacco products and disposable personal income, 1976-85

Year	Total	Cigarettes	Cigars 1/	Other 2/	Disposable personal income	Percent of disposable personal income spent on tobacco products			
						All	Cigarettes	Cigars 1/	Other 2/
	Million dollars				Billion dollars	Percent			
1976	16,410	15,100	675	625	1,194	1.39	1.28	.06	.05
1977	17,190	15,850	665	675	1,312	1.32	1.22	.05	.05
1978	18,030	16,600	680	750	1,463	1.24	1.14	.05	.05
1979	19,150	17,650	670	830	1,642	1.17	1.08	.04	.05
1980	21,000	19,400	670	930	1,829	1.15	1.06	.04	.05
1981	22,950	21,200	705	1,040	2,048	1.13	1.04	.04	.05
1982	25,310	23,525	685	1,100	2,177	1.16	1.08	.03	.05
1983	28,710	26,840	705	1,165	2,425	1.19	1.11	.03	.05
1984 3/	30,705	28,750	745	1,210	2,670	1.15	1.07	.03	.05
1985 4/	32,200	30,250	720	1,230	2,801	1.15	1.08	.03	.04

1/ Includes small cigars (cigarette-size). 2/Smoking tobacco, chewing tobacco, and snuff. 3/Subject to revision. 4/Estimated. Compiled from reports of Department of Commerce, Bureau of Economic Analysis.

by all tobacco manufacturers, but other products, and stemming and redrying, are also important. 2/

Virtually all tobacco used domestically and more than two-thirds of that bought for export is stemmed (stems and midribs in the center are removed) before being redried and stored. In 1982 there were 60 stemming and redrying plants concentrated mainly in towns with larger tobacco auction markets. These plants provide about $120 million in salaries and jobs for 8,300 persons (table 31).

After a storing and aging period, manufacturers further process tobacco into consumer products. Value added in manufacturing consumer products in 1982 was about $8.65 billion (7). The 103 establishments making cigarettes, cigars, and chewing and

2/ Value added is the value of shipments and other receipts plus increases in inventories minus costs of material.

smoking tobacco employed nearly 50,000 workers in 1982. Annual payroll totaled $1,204 million.

The 14 cigarette manufacturing establishments accounted for about 94 percent of the value added in manufacturing plants. Furthermore, most domestic manufacturing firms also produce cigarettes abroad or have foreign subsidiaries or licensees to sell cigarettes or tobacco products in a number of countries.

Tobacco product manufacturers depend on numerous other industries for materials, containers, supplies, fuel, and electric energy. In 1982, tobacco plants spent about $1.36 billion for these items. New capital expenditures for plants, equipment, computers and peripheral data processing equipment, and automobiles and trucks totaled about $474 million.

Cigarette manufacturers increased expenditures for cigarette advertisements by more than 50 percent between 1980 and 1983 (table 32). The proportion of expenditures fell for newspapers but rose for promotional, sampling and entertainment activities. These expenses totaled $1.9 billion in 1983 (8). Advertising is controversial. It has been banned from television and radio since January 2, 1971. Some anti-smoking groups seek to ban cigarette advertising completely. The American Medical Association (AMA) House of Delegates at its 1985 annual meeting adopted a resolution that would call for the AMA to initiate and support legislation prohibiting any form of media advertising of any tobacco product. In February, legislation was enacted to ban radio and television advertising of smokeless products effective in late August 1986.

Beginning in mid-October 1985, four separate messages about smoking are being rotated at about 3-month intervals. These messages appear on cigarette packages and also on billboards and in published ads for cigarettes. Warnings will also appear on smokeless tobacco products and in printed advertisements for these products beginning February 1987.

Sales

Consumer expenditures for tobacco products almost doubled between 1976 and 1985, but excise taxes' share of the total fell from 36 to 29 percent. Consumers spent $32 billion in 1985 for tobacco products, 94 percent for cigarettes (table 33). Expenditures for tobacco products represent about 1.2 percent of total disposable income. This share has remained relatively stable for the last 7 years, as the fall in consumption has been offset by increasing prices.

A total of 1,895 wholesale establishments handled tobacco products valued at $15.6 billion in 1982. Ninety-six percent were classified as merchant wholesalers (9). Other jobbers also sell cigarettes to retailers, and tobacco companies sell directly to some retail outlets. Retail sales of cigarettes and tobacco products, according to the 1982 Census of Business, were made in over 240,000 retail establishments (10). About 55 percent of these retailers were food stores, merchandising machine operators, and drug stores, and together they sell 70 percent of tobacco products (table 34). Merchandising machine operators accounted for about 6 percent of total sales in 1982. Tobacco product sales were 24 percent of the sales of merchandising machine operators who handled tobacco products. In comparison, tobacco product sales in cigar stores remain over 75 percent of total sales. The number of establishments reporting sales of tobacco products increased between 1972 and 1982 despite the changed pattern from sale of single cigarette packs at checkout counters to sales by individual pack by machine or sales by carton in food, drug stores and other mass merchandising outlets.

Taxes

Excise taxes on tobacco products are levied by the U.S. Government, all 50 States, and many local governments. Tobacco tax revenues totaled $9.2 billion last year, about 30 percent of all consumer expenditures for tobacco products (table 35). Nationally excise taxes are about 3-1/2 times the amount U.S. farmers receive for their tobacco.

Excise taxes vary greatly among States. Tax rates per pack of 20 cigarettes range from 2 to 3 cents in the cigarette-manufacturing

Table 34--Tobacco sales as a percentage of all tobacco sales and percentage of total sales by type of retail outlet, 1972 and 1982

Retail Outlet	1972		1982	
	Percentage of total tobacco sales	Percentage of sales by types of outlet	Percentage of total tobacco sales	Percentage of sales by type of outlet
	Percent	Percent	Percent	Percent
Food stores 1/	42.7	4.3	52.5	4.6
Merchandising machine operators	17.8	38.3	6.2	24.2
Drug stores	15.7	7.8	11.7	6.2
Subtotal	76.2	---	70.4	---
Gasoline service stations	6.5	4.7	12.8	4.4
Cigar stores and stands	4.5	77.6	3.0	75.5
General merchandise groups 2/	4.2	1.2	6.0	2.3
Eating and drinking places 3/	2.5	3.2	1.5	2.7
All other 4/	6.1	---	6.3	---
Total	100.0	---	100.0	---

1/ Grocery, meat and seafood markets, and dairy product stores. 2/ Department stores, variety stores, misc. general merchandise stores. 3/ Restaurants and lunchrooms, cafeterias, refreshment places, other eating places, drinking places (alcoholic beverages). 4/ Proprietary stores, liquor stores, nonstore retailers, mail order houses, direct selling, misc. shopping goods (bookstores, news dealers, newstands) and other.

Source: U.S. Bureau of Census, "1982 Census of Retail Trade, Merchandise Line Sales, U.S. Summary, 1985."

Table 35--Governmental revenues from tobacco products, 1976-85

Year	Federal Government				State and local Governments		All Government
	Cigarettes 1/	Cigars 2/	Other 3/	Total	State	Local	
	Million dollars						
1976	2,322	48	4	2,374	3,445	125	5,944
1977	2,343	35	4	2,382	3,580	131	6,093
1978	2,537	38	5	2,580	3,642	132	6,354
1979	2,409	35	4	2,448	3,700	132	6,280
1980	2,564	41	4	2,609	3,820	134	6,563
1981	2,535	40	4	2,579	3,895	134	6,608
1982	2,485	34	6	2,525	4,060	154	6,739
1983	4,609	31	9	4,649	4,044	164	8,857
1984	4,729	30	10	4,772	4,230	179	9,181
1985 4/	4,640	26	10	4,676	4,361	193	9,230

1/ Includes large cigarettes. 2/ Includes small cigars and revenue on cigars from Puerto Rico placed into the Treasury of Puerto Rico. 3/ Includes cigarette paper and tubes, and imported cigarettes and cigars. 4/ Estimated.

Compiled from reports of the Internal Revenue Service and the Bureau of the Census.

States of Kentucky, North Carolina and Virginia to a high of 28 cents in Maine. Washington's tax effective April 1, 1986 will reach 31 cents. Combined State and local excise taxes amount to 43 cents a pack in Chicago. Average state excise taxes exceeded Federal excise taxes per pack from 1969 to 1982. However, the Federal excise tax was doubled from 8 to 16 cents a pack effective January 1, 1983, and the Federal tax exceeded the State tax until last year as it did during the 1950's and most of the 1960's. With additional hikes in 1985, the average State tax again exceeds the Federal tax.

Foreign Trade

Exports of unmanufactured tobacco in 1985 had a value of about $1.52 billion and exports of tobacco products were about $ 1.27 billion. Foreign sales of tobacco and tobacco products exceeded imports by about $2.14 billion.

Tobacco exports add substantially to U.S. abilities to purchase other goods from abroad. About one-half of the flue-cured and one-fourth of the burley crop is exported. The movement of tobacco from redrying plants and storage warehouses to ports and then aboard ships employs many people in transportation, sales, and traffic departments, and includes a substantial investment in facilities.

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Item	Unit or base period	1985		1985-86			Last data as percentage of a year earlier
		January	February	December	January	February	
Average price to growers							
Flue-cured	Ct. per lb.	closed	closed	closed	closed	closed	
Burley	Ct. per lb.	187.5	186.0	159.5	159.5	157.5	85
Maryland	Ct. per lb.	closed	closed	closed	closed	closed	----
Virginia fire-cured	Ct. per lb.	120.6	106.9	131.5	117.0	94.0	88
Ky.-Tenn. fire-cured	Ct. per lb.	156.0	155.0	closed	164.5	153.0	99
Ky.-Tenn. dark air-cured	Ct. per lb.	125.0	118.0	127.0	129.0	113.5	96
Virginia sun-cured	Ct. per lb.	85.0	closed	105.5	88.0	closed	104
Price support level 1/							
Flue-cured	Ct. per lb.	169.9			*		
Burley	Ct. per lb.	148.8			*		
Virginia fire-cured	Ct. per lb.	118.8			*		
Ky.-Tenn. fire-cured	Ct. per lb.	123.0			*		
Ky.-Tenn. dark air-cured	Ct. per lb.	104.7			*		
Virginia sun-cured	Ct. per lb.	109.4			*		
Wisc. binder and Ohio filler	Ct. per lb.	90.7			*		
Puerto Rican filler	Ct. per lb.	74.0			*		
Parity index 2/	1910-14=100	1,127	1,127	1,116	1,121	1,119	99
Industrial production index 3/	1967=100	123.6	123.7	126.3	126.7	—	103
Employment	Mil.	106.3	106.6	108.2	109.0	—	103
Personal income 4/	Bil. dol.	3,217.3	3,247.2	3,385.5	3,382.7	—	105
		1984-85		1985-86			
		December	January	November	December	January	
Taxable removals							
Cigarettes	Bil.	42.8	44.5	50.0	48.0	—	112
Cigars and cigarillos	Mil.	277.4	234.9	273.9	238.1	—	86
Accumulated from Jan. 1							
Cigarettes	Bil.	597.8		547.1	595.0	—	100
Cigars and cigarillos	Mil.	3,451.3		2,922.7	3,160.8	—	92
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	24.3			21.8	—	90
Chewing tobacco	Mil. lb.	87.3			85.0	—	97
Snuff	Mil. lb.	47.7			48.6	—	102
Tax-exempt removals							
Cigarettes	Bil.	5.6	5.6	5.8	5.7		102
Exports	Bil.	4.4	5.5	6.2	5.4	4.1	75
Cigars and cigarillos	Mil.	7.4	5.7	3.9	17.0		298
Accumulated from Jan. 1							
Cigarettes	Bil.	67.1		60.8	66.5		99
Exports	Bil.	56.5	—	53.5	58.9	—	104
Cigars and cigarillos	Mil.	120.5		78.2	95.1		79
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	.4			.4		100
Chewing tobacco	Mil. lb.	.2			.2		100
Producer price indexes 5/							
Tobacco products	1967=100	406.9	423.8	435.7	435.5	451.0	106
Cigarettes (filtertip, king size)	1967=100	406.4	424.8	437.5	437.5	455.5	107
Cigars	1967=100	183.1	195.7	196.8	196.8	196.8	101
Smoking tobacco	1967=100	388.5	395.6	406.1	406.1	406.3	103
Snuff	1967=100	417.3	417.3	492.5	492.5	532.8	128
Consumer price indexes (urban)							
Tobacco products	1967=100	315.5	316.1	326.6	327.4	328.4	104
Cigarettes	1967=100	323.2	330.3	344.2	347.3	353.0	107
Other tobacco products 6/	Dec. 1977=100	161.0	161.6	169.1	169.3	170.2	105
Imports of tobacco (for consumption) 7/							
Cigarette leaf	Mil. lb.	19.9	26.3	40.9	27.9	26.9	102
Cigar tobacco (leaf and scrap)	Mil. lb.	3.6	3.9	3.1	2.9	2.9	74
Other tobacco (leaf and scrap)	Mil. lb.	3.0	2.3	1.2	3.0	2.9	126
Accumulated from Jan. 1 7/							
Cigarette leaf	Mil. lb.	306.1		313.0	340.9		111
Cigar tobacco (leaf and scrap)	Mil. lb.	55.5		39.4	42.1		76
Other tobacco (leaf and scrap)	Mil. lb.	54.5		77.8	80.8		148

See footnotes at end of table.

Item	Unit or base period	1984-85		1985-86			Last data as percentage of a year earlier
		December	January	November	December	January	
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	84.6	37.0	88.1	102.3	19.5	53
Burley	Mil. lb.	5.5	4.2	9.8	7.1	2.7	64
Maryland	Mil. lb.	.6	.3	.8	.4	.2	67
Virginia fire- & sun-cured	Mil. lb.	*	.2	1.1	*	*	—
Ky.-Tenn. fire-cured	Mil. lb.	1.1	*	4.2	1.3	.6	—
Ky.-Tenn. dark air-cured	Mil. lb.	.5	.1	.9	.1	.1	100
Cigar wrapper	Mil. lb.	.1	.4	.3	.1	.3	75
Cigar binder	Mil. lb.	*	*	.1	*	*	—
Accumulated from beginning of marketing year 8/							
Flue-cured	Mil. lb.	330.7	367.7	225.3	327.6	347.0	94
Burley	Mil. lb.	20.9	25.1	13.5	20.5	23.3	93
Maryland	Mil. lb.	2.2	2.5	1.7	2.0	2.2	88
Virginia fire- & sun-cured	Mil. lb.	1.5	1.7	2.5	2.5	2.5	147
Ky.-Tenn. fire-cured 9/	Mil. lb.	4.2	4.2	4.7	6.0	6.6	157
Ky.-Tenn. dark air-cured 9/	Mil. lb.	.8	.9	1.0	1.1	1.2	133
Cigar wrapper	Mil. lb.	.8	1.2	.8	.8	1.1	92
Cigar binder	Mil. lb.	.1	.1	.1	.1	.1	100
Cigar filler	Mil. lb.	*	*	*	*	*	—
Exports of manufactured tobacco in bulk and not elsewhere classified 10/	Mil. lb.	3.4	2.0	1.5	7.2	3.5	175
Accumulated from Jan. 1	Mil. lb.	33.2		35.0	42.2		127

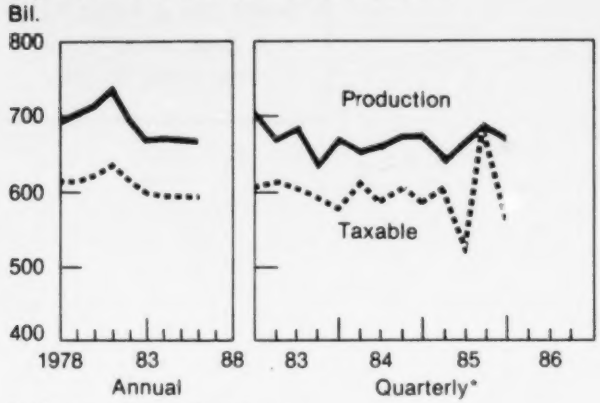
		Quarterly data				
		1984-85		1985-86		
Stocks of tobacco--1st of quarter (farm-sales weight) 11/		July-Sept	Oct-Dec	July-Sept	Oct-Dec	
Domestic types						
Flue-cured	Mil. lb.	2,507	2,451	2,396	2,360	96
Burley	Mil. lb.	1,344	1,699	1,462	1,715	101
Maryland	Mil. lb.	54	49	55	49	100
Fire-cured	Mil. lb.	72	68	94	81	119
Dark air- and sun-cured	Mil. lb.	44	45	49	52	116
Cigar filler	Mil. lb.	60	50	55	51	102
Cigar binder	Mil. lb.	65	62	63	56	90
Cigar wrapper	Mil. lb.	3	3	3	4	133
Under Government loan 12/	Mil. lb.	1,324	1,453	1,512	1,583	109
Foreign types						
Cigarette and smoking	Mil. lb.	944	919	887	835	91
Oriental	Mil. lb.	382	363	344	346	95
Flue-cured	Mil. lb.	280	264	261	231	88
Burley	Mil. lb.	282	292	282	258	88
Cigar	Mil. lb.	88	91	81	89	98
Tobacco outlets 13/						
Seasonally adjusted data, annual, rates, for charts						
Cigarettes						
Production	Bil.	680.8	672.8	683.0	665.0	99
Tax-paid removals	Bil.	625.6	574.4	690.6	565.0	98
Cigar production						
Large	Bil.	3.41	3.20	2.99	2.95	92
Small	Bil.	1.04	1.44	0.96	1.40	97
Smoking production	Mil. lb.	25.8	22.3	23.0	20.7	93
Chewing production						
Loose leaf	Mil. lb.	68.0	72.8	70.4	73.5	101
Plug and other	Mil. lb.	14.1	14.6	10.2	12.7	87
Snuff production	Mil. lb.	51.1	46.9	43.9	47.0	100
Exports of leaf						
Total	Mil. lb.	868.0	682.0	830.0	670.0	98
Flue-cured	Mil. lb.	764.0	390.0	703.0	400.0	103

1/ 1985 and 1986 crops, respectively. For 1985 crop, effective flue-cured support reduced to $1.65 a pound. Rebate of 25 cents a pound to buyers further reduced buyers costs for flue-cured. 1985 burley support lowered from previously announced $1.788 per pound to $1.488 per pound under legislation signed into law on November 15, 1985. 2/ Prices paid by farmers including interest, taxes, and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable State and local taxes included. 6/ Includes tobacco accessories. 7/ Declared weight. Cigarette leaf includes flue-cured, burley, Oriental and stemmed cigarette leaf. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Includes Black Fat. 10/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 11/ Holdings of manufacturers and dealers, including grower cooperatives. 12/ Reported by grower cooperatives. 13/ Latest quarter is estimated. *Less than 50,000 pounds. **Estimated. Items may not add because of rounding. Data comparable to earlier years not available.

Tobacco Outlets

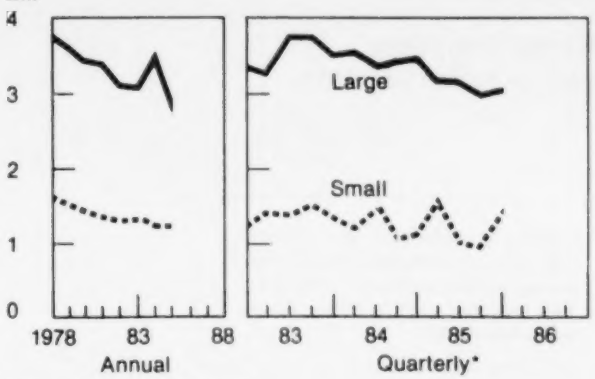
Trends in U.S. Manufactured Products and Exports

Cigarette Production and Taxable Removals



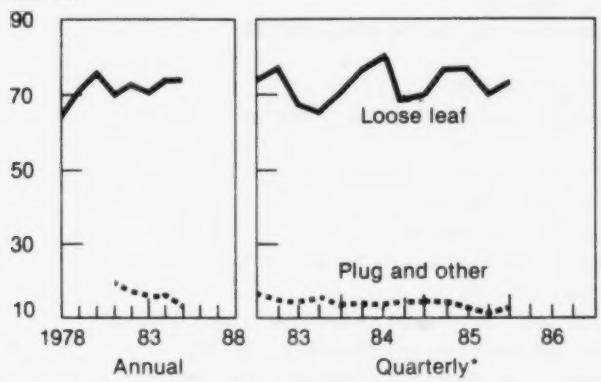
Last quarter shown estimated.
*Seasonally adjusted at annual rates.

Cigar and Cigarillo Production



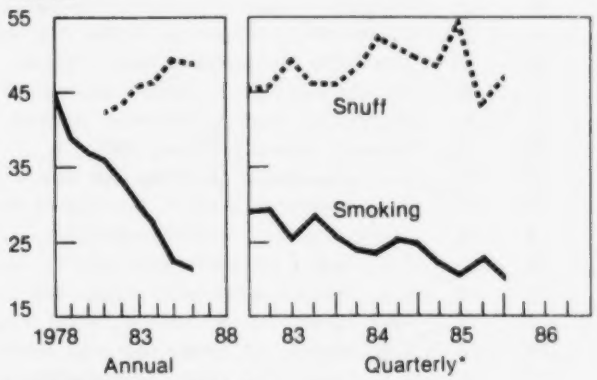
Last quarter shown estimated.
*Seasonally adjusted at annual rates.

Chewing Production



Last quarter shown estimated.
*Seasonally adjusted at annual rates.

Smoking and Snuff Production



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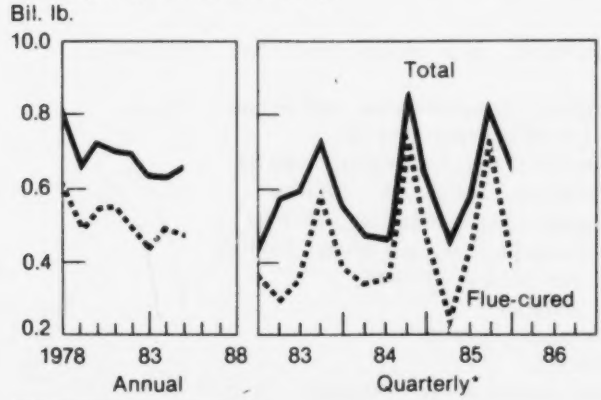
*Seasonally adjusted at annual rates.

Leaf Exports, Farm-Sales Weight



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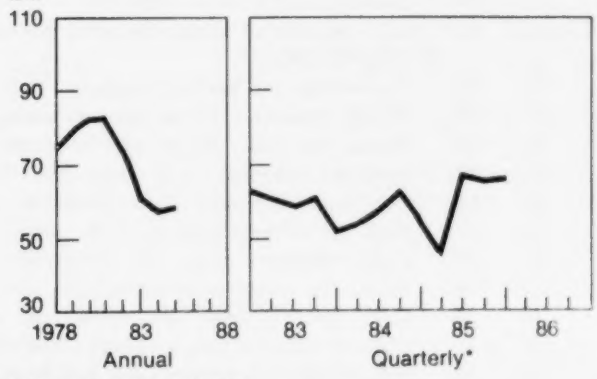
Cigarette Exports



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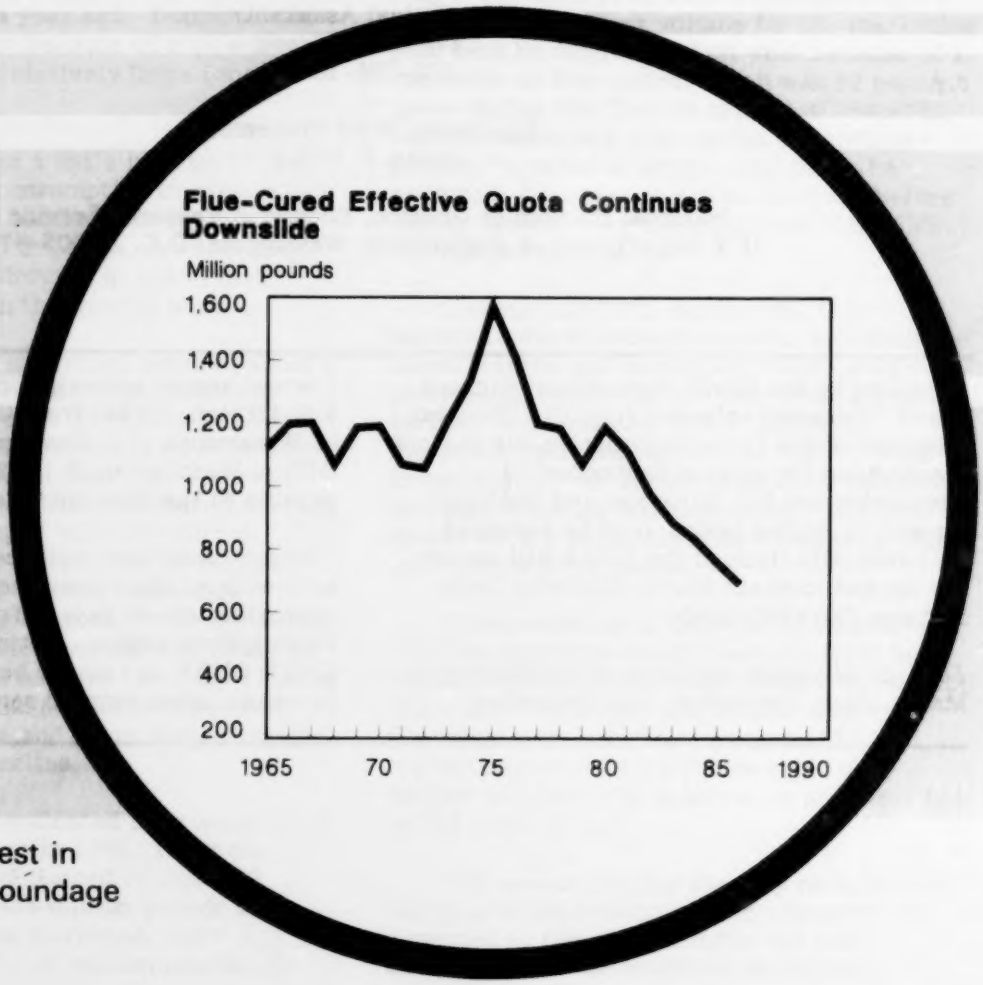

Quota for 1986 lowest in history of acreage-poundage program.

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SUMMARY

U.S. tobacco disappearance is expected to decline about 3 percent this season because of lower domestic use and exports. Still, use will exceed 1985/86 marketings, so stocks carried over to 1986/87 (beginning July 1 for flue-cured and October 1 for burley and other kinds) will likely decline about 3 percent from last year's 3.85 billion pounds.

Supplies are expected to decline again next marketing year because of a smaller crop and smaller carryover stocks. With lower allotments and quotas, marketings will be about 15 percent below 1985's 1.47 billion pounds. Even with a smaller crop, auction prices are expected to be lower, because price supports are reduced for flue-cured and unchanged for burley. Net prices may not change much from a year ago. Domestic use could decline further because of a slowdown in cigarette sales and relatively large tobacco imports.

Exports may rise a little in 1986/87, but stagnant cigarette consumption in some major importing countries continues to inhibit shipments. Lower U.S. prices, the declining dollar, and a major drought in Brazil may boost U.S. exports in the months ahead.

March planting intentions point to about 6 percent less flue-cured acreage than last year. However, acreage will likely be lower than March intentions because a new, smaller quota was announced on April 25. Average growing conditions with the estimated acreage would produce a crop of 650-680 million pounds. In addition, about 25 to 30 million pounds of 1985-crop tobacco were unsold because of insufficient quota. With the 1986 quota, about 675 million pounds will likely be sold. So, flue-cured supplies for 1986/87 could drop about 215 million pounds or 7 percent. With a smaller quota and lower support prices, loan receipts may decline.

Burley growers indicated they would plant 8 percent less acreage in 1986. However, a smaller quota was announced on April 25, which means about 465 million pounds of tobacco will likely be marketed. New production, plus 50 to 55 million pounds of 1985-crop tobacco that could not be marketed without penalty in 1985/86, is expected to exceed permitted marketings.

For the year ending June 30, Americans will likely consume 2 percent fewer cigarettes than a year earlier. Even with higher exports, production for 1985/86 will fall below the 665 billion produced last season. Production and domestic sales during the second half of calendar 1986 will likely fall from last year because of higher prices, smoking restrictions, and antismoking activities. Cigar, smoking, snuff and chewing production are all down this season.

Unmanufactured tobacco exports during July 1985-April 1986 were 5 percent below a year earlier. Export volume for the marketing year may be down from last year because of a reduction in flue-cured, which was 12 percent lower during the first 10 months of 1985/86. For the marketing year, about 440 million pounds, farm-sales weight, will likely be exported, 8 percent less than the year before. Burley exports may increase from 1984/85's 154 million pounds.

During July 1985-April 1986, U.S. unmanufactured tobacco imports including the manufactured and unmanufactured categories (duty paid), rose 5-1/2 percent from a year earlier. U.S. manufacturers' stocks of imported cigarette tobacco on April 1 were lower than a year earlier because of reduced holdings of burley and flue-cured. Oriental stocks were 5 percent higher. Stocks of cigar leaf were a little higher.

Disappearance of flue-cured tobacco in 1985/86 may drop about 5 percent from last season's 935 million pounds because of reduced U.S. cigarette output and smaller exports. Disappearance will likely exceed 1985 marketings, so July 1 supplies could drop further because 1986 marketings are expected to fall short of use.

This season, burley use may remain near last year's 556 million pounds. Exports are expected to rise but domestic use may decline. Since use is above marketings,

October 1 stocks will likely decline a little from last year's 1.46 billion pounds. Growers are expected to market less burley in 1986/87, and use will likely exceed marketings, so the large burley stocks will be pulled down a little further.

Auctions for type 32 tobacco in Maryland ran from March 18 to May 1. Prices averaged $1.32 a pound, 8 cents less than a year earlier. Prices for all Maryland tobacco produced in the United States dropped 3 cents to $1.29 a pound. Disappearance may fall below last season.

The use of fire-cured tobacco may rise in 1985/86 because of larger exports. The hike in use could reduce the large supply a little. Dark air-cured supplies are a little higher in 1985/86, but lower production will likely reduce them next season. Use of cigar leaf has declined, but the smaller crop projected for 1986 will push down next season's stocks.

TOBACCO PRODUCTS

Cigarette Use Declines

During 1985/86, Americans' cigarette consumption declined 2 percent from last year's 598 billion (table 1). Per capita use was down even more because the adult population was larger. The drop was largely due to higher prices, most of which resulted from increases in manufacturers' costs and higher State excise taxes. In addition, antismoking activity and restrictions on where people can smoke are likely reducing demand. U.S. manufacturers shipped about 2 percent fewer cigarettes for domestic use during July 1985-March 1986 than a year earlier. Domestic cigarette use may be a little lower this coming July-December.

Output in 1985/86 is estimated at 650 billion, about 2 percent fewer than last year. This includes about 67 billion for exports and overseas shipments to U.S. possessions and the military. Through April, exports were up 5 percent from a year earlier. Although the European Community (EC) has shown a growing preference for U.S.-type cigarettes over the last decade, a number of countries have shifted to locally produced cigarettes under license arrangements where American brands are produced by local companies (table 2).

Manufacturers raised wholesale cigarette prices twice last year, by a total of 6 to 7 percent. Since February 1982, wholesale prices have risen 61 to 69 percent. Retail prices rose 7 percent from April 1985 to April 1986 and are expected to rise further this year because of increased taxes and higher operating costs. The rate of increase in cigarette prices slowed considerably in 1984 and 1985 compared with 1982 and 1983. Still, cigarette prices are rising more rapidly than the index for all consumer items. By contrast, between 1974 and 1981 cigarette prices rose less rapidly.

As estimated by State tax data, cigarette shipments during January-March 1986 were down 2.3 percent from a year earlier. The number of shipping days was identical in both periods, so the sales drop probably reflects recent price hikes and strong anti-smoking publicity.

Table 1--U.S. cigarette exports to leading destinations, 1984-86

Country	1984	1985 1/	January-April 1985	January-April 1986
	Billions			
Belgium-Luxembourg	11.2	12.2	2.9	4.8
Hong Kong	7.5	8.4	3.0	2.5
United Arab Emirates	.8	3.1	1.1	.7
Netherlands Antilles	1.1	1.2	.4	.3
Saudi Arabia	6.1	6.6	2.8	1.7
Japan	6.3	6.5	1.8	2.3
Kuwait	1.5	1.5	.6	.5
Spain 2/	.8	.9	.3	.3
Colombia	.3	*	*	*
Other	20.9	18.5	6.5	5.7
Total	56.5	58.9	19.4	18.8

1/Subject to revision. 2/ Includes Canary Islands. *Less than 50 million.

Compiled from publications and records of the Bureau of the Census.

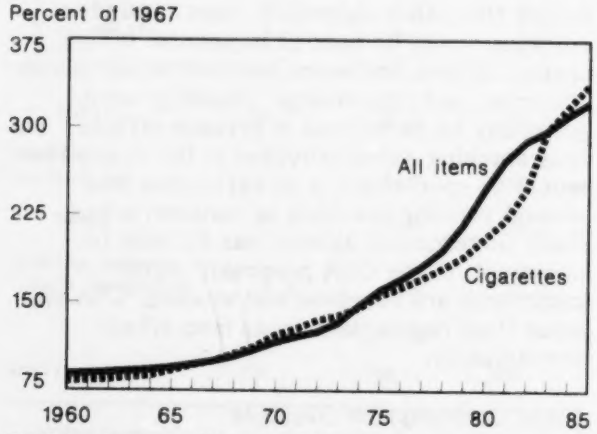
Table 2--Cigarettes: U.S. output, removals, and consumption, 1977-86

Year	Output	Removals Tax-exempt				Estimated inventory increase	Total U.S. consumption3/
		Taxable	Total	Exports	Shipments 1/	Overseas forces2/		
				Billions				
1977	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0
1978	695.9	614.2	85.1	74.4	1.2	9.6	8.2	616.0
1979	704.4	614.0	93.8	79.7	1.1	13.0	5.7	621.5
1980	714.1	620.5	94.2	82.0	1.1	11.3	2.3	631.5
1981	736.5	638.1	92.0	82.6	1.0	8.6	8.0	640.0
1982	694.2	614.1	82.1	73.6	1.0	7.7	-10.8	634.0
1983	667.0	597.5	69.7	60.7	.9	8.2	7.2	600.0
1984 4/	668.8	597.8	67.1	56.5	.8	9.8	8.8	600.4
1985 5/	665.3	595.0	66.5	58.9	.8	6.8	9.5	594.0
				Year ending June 30				
1977	671.7	596.3	74.1	62.8	1.3	10.0	-9.7	616.5
1978	685.4	609.6	81.5	69.4	1.0	11.1	3.0	618.0
1979	707.0	615.2	92.2	78.8	1.2	12.2	12.1	616.0
1980	697.0	605.8	93.2	82.9	1.1	9.3	-7.2	622.0
1981	727.8	631.4	92.0	83.0	1.0	10.1	5.9	637.0
1982	721.5	632.3	86.8	78.8	1.0	7.2	5.1	635.7
1983	678.4	603.3	75.3	65.5	.9	9.0	-6.2	620.0
1984	661.5	596.6	65.0	56.4	.8	7.8	5.8	600.0
1985 4/	665.4	595.4	66.3	55.8	.8	9.7	8.8	598.0
1986 5/	650.0	584.0	67.0	59.0	.8	7.2	5.4	587.5

1/ To Puerto Rico and other U.S. possessions. 2/ Includes ship stores and small tax-exempt categories. 3/ Taxable removals, overseas forces, inventory change and imports (negligible). 4/ Subject to revision. 5/ Estimated.

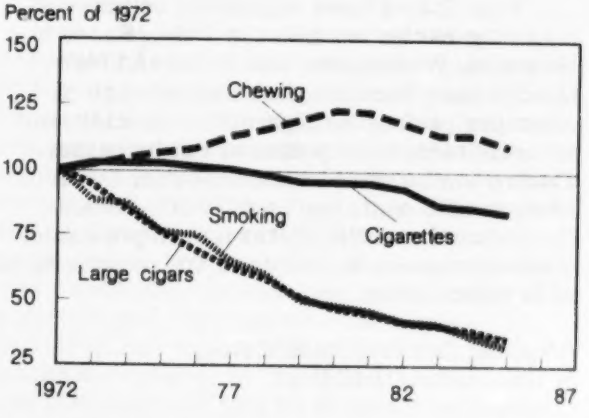
Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

Consumer Price Index and Cigarette Prices



BLS Data. Beginning 1978 for all urban consumers.
Cigarettes, filter tip, king size for 1960-77. Latest year estimated.

Per Capita Consumption of Tobacco Products



Per male 18 and over, except cigarettes per person 18 and over.
Data prior to 1979 do not include results of 1980 census.

Table 3--Cigars and smoking tobacco: Output, removals, and consumption, 1983-86

Year and item	U.S. factories			From Puerto Rico, taxable	Imports	Exports	Total U.S. consumption 1/
	Output	Removals					
		Taxable	Tax-exempt				
				Millions			
Large cigars and cigarillos							
1983	3,135	3,031	140	429	135	130	3,605
1984	3,130	2,962	121	371	143	104	3,491
1985 2/	2,826	2,740	95	301	191	101	3,226
				Year ending June 30			
1983	2,911	3,002	144	420	138	138	3,566
1984	3,245	3,059	135	425	135	125	3,629
1985	3,015	2,817	105	308	167	105	3,292
1986 3/	2,660	2,680	90	280	177	82	3,145
				Million pounds			
Smoking tobacco							
1983	28.0	27.0	.6	--	6.7	1.0	33.3
1984	24.5	24.3	.4	--	5.7	.9	29.5
1985 2/	22.1	21.8	.4	--	5.4	.6	27.0
				Year ending June 30			
1983	29.1	27.7	.6	--	6.2	1.0	33.5
1984	25.8	25.5	.5	--	6.3	.9	31.3
1985	23.2	22.8	.3	--	6.2	.7	28.6
1986 3/	20.5	20.7	.5	--	6.4	.7	26.9

1/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. 2/ Subject to revision. 3/ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and AMS, USDA.

Four States have announced or imposed cigarette excise tax hikes in 1986. Rates in Nebraska, Washington, Colorado, and New Mexico have been increased an average of 4 cents per pack of 20 cigarettes. In addition, several States have proposed tax increases. Twelve States raised taxes last year by an average of 6 cents per pack of 20. About three-fourths of the States now impose sales taxes on cigarettes, and laws are pending to do so in other States.

Proposed Smoking Restrictions In Government Buildings

The General Services Administration (GSA) proposed on May 22 a near- total ban on cigarette smoking in buildings it owns and leases. Under the plan--scheduled to take effect this fall--cigarette, cigar, and pipe smoking would be banned in general office space, lobbies, hallways, restrooms, elevators, libraries, and classrooms. Smoking would generally be permitted in private offices. The only smoking areas provided in the regulation would be special areas of cafeterias and around vending machine or canteen areas. Each Government agency has 60 days to comment on the GSA proposal. After comments are received and studied, GSA will issue final regulations to go into effect immediately.

Cigar Consumption Declines

During July 1985-March 1986, U.S. cigar consumption totaled 2.4 billion large cigars (including cigarillos), 5 percent fewer than a

year earlier. Demand has been declining in the low- and medium priced categories for several years. Recently, demand for higher priced cigars has also been depressed (table 3).

Production of small cigars (those weighing less than 3 pounds per thousand) totaled 696 million in the first three quarters. For the year ending June 30, output is expected to decline about 26 percent from a year earlier (table 4).

Smoking and Chewing Tobacco Continue Down

Smoking tobacco production and consumption for the year ending June 30 are continuing the downward trend that has prevailed since 1970. In the first 9 months of 1985/86, domestic smoking tobacco output declined about 13 percent from a year earlier. Imports rose a little but domestic sales dropped 9 percent.

Smokeless tobacco output in 1985/86 is expected to drop from the previous year. Production of every category of snuff and chewing tobacco was down in the July 1985-March 1986 period.

Table 4--Tobacco products: Output, 1984-86

Item	Year ending June 30		
	1984	1985	1986 1/
	Million pounds		
Chewing tobacco			
Plug-firm	9.5	8.2	5.9
Plug-moist	4.1	4.1	3.7
Twist	1.7	1.6	1.4
Loose leaf	70.7	74.1	73.0
Total	86.0	88.0	84.0
Snuff-dry	10.4	9.9	9.2
Snuff-moist	37.1	40.1	39.5
Total	47.5	50.0	48.7
Smoking tobacco in bulk (exports)	9.5	8.8	25.0
	Millions		
Small cigars	1,324	1,358	1,000

1/ Estimated.

Basic data compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, and the Agricultural Marketing Service, USDA.

Consumption of smokeless tobacco products may be hurt because of legislation enacted earlier this year. On April 7, the Consolidated Omnibus Budget Reduction Act of 1985 (Public Law 99-279) was signed into law. This act makes permanent the temporary Federal cigarette excise tax of 16 cents per pack of 20 and places a 24-cent-a-pound Federal excise on snuff and an 8-cent-a-pound tax on chewing tobacco effective July 1, 1986.

On February 27, the Comprehensive Smokeless Tobacco Health and Education Act of 1986 was enacted (P.L. 99-252). The act requires three rotating warning labels on smokeless tobacco containers and in printed advertisements, except on billboards, for the products beginning in late February, 1987.

The warnings are:

- o This product may cause oral cancer.
- o This product may cause gum disease and tooth loss.
- o This product is not a safe alternative to cigarettes.

In print advertisements, circles and arrows will draw attention to the warning labels. Television and radio advertising of smokeless products will be banned in late August, 1986. In addition, the Secretary of Health and Human Services shall establish and carry out an education program on the dangers of using smokeless tobacco products.

Government Reports on Smokeless Tobacco

The Health Consequences of Using Smokeless Tobacco was released in late March by the Department of Health and Human Services (HHS). The report concluded that the oral use of smokeless tobacco represents a significant health risk, and that it is not a safe substitute for smoking cigarettes. The report stated that use of smokeless tobacco can cause cancer and a number of non-cancerous oral conditions, and can lead to nicotine addiction and dependence. The report indicated that at least 12 million people used smokeless tobacco in the United States in 1985 and that one-half this total used it regularly.

The Surgeon General's Report on smokeless tobacco, together with other negative publicity, may affect the demand for

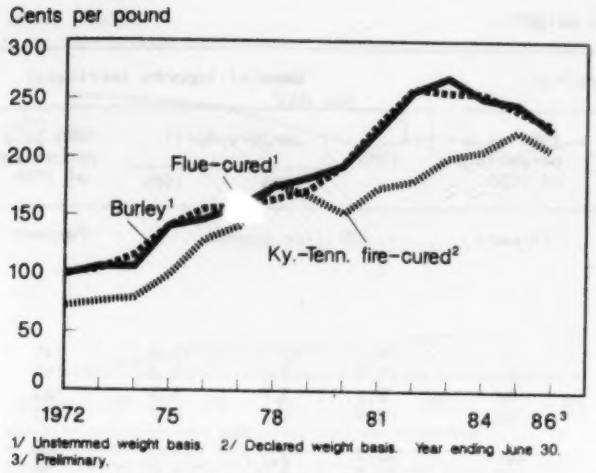
Table 5--U.S. exports of unmanufactured tobacco by types and to principal importing countries, 1982-86
(declared weight)

Type & country	1982	1983	1984	1985 1/	January-April		1986 as a percentage of 1985
					1985	1986	
	Million pounds						Percent
Type							
Flue-cured	348.4	310.6	349.8	333.1	91.1	54.2	59
Burley	103.6	90.8	73.6	102.3	66.5	61.5	92
Maryland	6.7	8.1	3.7	6.7	.9	1.0	111
Fire-cured, Ky. and Tenn.	18.8	19.6	14.2	14.3	4.2	6.0	143
Virginia fire & sun-cured	2.7	1.1	2.4	3.4	.7	.5	71
Green River & One-Sucker	.2	.1	.4	.5	---	---	---
Black Fat	2.2	1.9	2.5	2.9	.8	1.2	150
Cigar wrapper	1.1	.9	1.9	2.1	1.0	1.0	100
Cigar binder	.1	.2	.2	.3	.1	*	---
Cigar filler	.2	.3	.3	.2	.1	.1	100
Perique	.1	.4	.1	.1	.1	*	---
Stems, trimmings & scrap	78.1	75.8	81.8	72.7	19.8	22.7	115
Other unmanu. NEC 2/	9.8	14.6	11.8	10.3	1.3	3.2	238
Total	572.0	524.4	542.7	548.9	186.6	151.4	81
Country of destination							
United Kingdom	30.7	27.8	31.8	18.4	8.5	8.7	102
France	5.3	7.3	5.1	9.9	3.9	4.6	118
Belgium-Luxem.	15.2	9.6	9.4	11.5	2.6	3.0	115
Netherlands	25.1	28.4	22.3	20.9	4.6	10.5	228
West Germany	68.2	58.0	66.0	76.7	29.4	25.7	87
Denmark	16.8	20.2	19.8	16.2	7.0	5.1	73
Ireland	4.7	3.2	8.0	7.3	3.8	2.9	76
Italy	28.1	32.2	31.3	28.7	21.1	13.8	65
Total EC	194.0	186.7	193.7	189.6	80.9	74.3	92
Switzerland	26.7	16.8	25.3	23.9	12.1	2.5	21
Finland	6.0	6.5	5.7	5.3	1.6	1.2	75
Norway	3.6	5.7	4.7	3.3	1.2	.9	75
Sweden	8.7	12.4	11.5	15.8	4.2	2.8	67
Spain	31.8	40.0	52.5	41.9	16.8	4.9	29
Thailand	27.7	9.1	14.6	17.8	17.4	13.0	75
Rep. of Korea	1.1	0	0	1.2	0	.5	--
Malaysia	9.7	7.2	9.2	9.0	2.6	2.4	92
Philippines	15.2	11.1	5.7	12.1	3.2	2.7	84
Taiwan	21.3	19.9	25.1	24.0	3.8	.3	8
Japan	110.3	114.1	92.1	102.0	23.2	25.3	109
Australia	10.1	9.7	8.2	7.3	4.0	5.3	133
New Zealand	4.1	2.6	2.9	1.6	.7	1.2	171
Egypt	22.0	21.6	37.4	41.2	1.3	.7	54
Other countries	79.7	61.0	54.1	52.9	13.6	13.4	99
Total	572.0	524.4	542.7	548.9	186.6	151.4	81

1/ Preliminary. 2/ New classification, January 1, 1978. Previously included in manufactured in bulk. Details may not add to total due to rounding. * Less than 50,000.

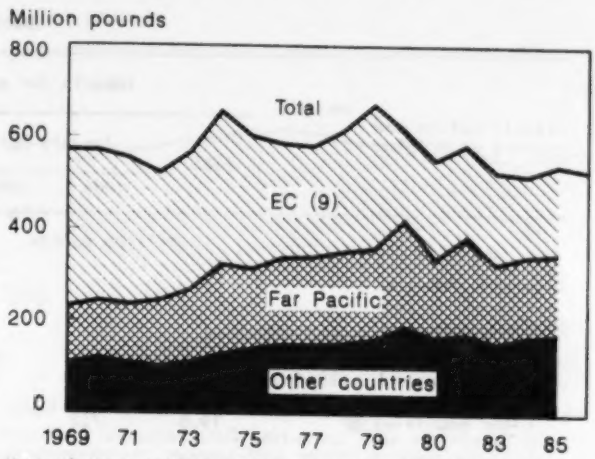
Compiled from publications and records of the Bureau of the Census.

Average Tobacco Export Values



1/ Unstemmed weight basis. 2/ Declared weight basis. Year ending June 30. 3/ Preliminary.

Export Markets for U.S. Tobacco



Unmanufactured, declared weight. Year ending June 30.

smokeless tobacco products. The American Medical Association and the American Cancer Society have endorsed bans on all advertising of cigarettes and smokeless tobacco products. Furthermore, anti-smokeless-tobacco publicity has risen sharply recently.

U.S. EXPORTS AND IMPORTS

Exports May Decline in 1985/86

For the year ending June 30, 1986, exports of unmanufactured tobacco may decline from 1985/86's 541 million pounds (666 million pounds farm sales weight). However, exports may rise during May and June.

During July 1985-April 1986, exports declined 5 percent to 482 million pounds, while the average unit value also declined 5 percent. The seasonal peak in shipments to Japan, the EC, and other European countries came in late 1985 (table 5).

Exports of both flue-cured and burley tobacco during July 1985-April 1986 were down from a year ago. Exports have been held down because of stagnant or declining cigarette consumption in major importing countries, uncertainty about U.S. prices when import commitments were made, ample lower cost supplies in other countries, and completed rebuilding of stocks in some countries. Cigar exports were about unchanged. For other types: Maryland, fire-cured, and dark air-cured, exports rose during July 1985-April 1986. The sharpest hikes were in Black Fat, Kentucky-Tennessee fire-cured, and Maryland tobacco.

Asian countries took about the same amount, but European countries took less. West Germany and the United Kingdom took less because recent tax increases have depressed cigarette sales, and they are substituting less expensive tobacco for the U.S. product. Another recent tax increase in the United Kingdom may result in a further drop during 1985/86. Japan took less because stocks are large and use has stabilized.

Despite adequate global supplies, exports for the second half of calendar 1986 may exceed last year's because of recent weakening of the dollar, improved global economic activity, lower U.S. prices, the United States' increased trade with developing countries, and the continuing shift to American blends that require more high-quality flue-cured and burley tobacco. However, exports continue to be held down because of quotas and tariffs that discriminate against U.S. tobacco, declining cigarette consumption in major importing countries, and ample tobacco supplies in competitor countries.

Imports for Consumption Rise

During July 1985-April 1986, overall U.S. duty paid imports of unmanufactured tobacco (for consumptions) were 5-1/2 percent higher

Table 6—U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1985-86 1/

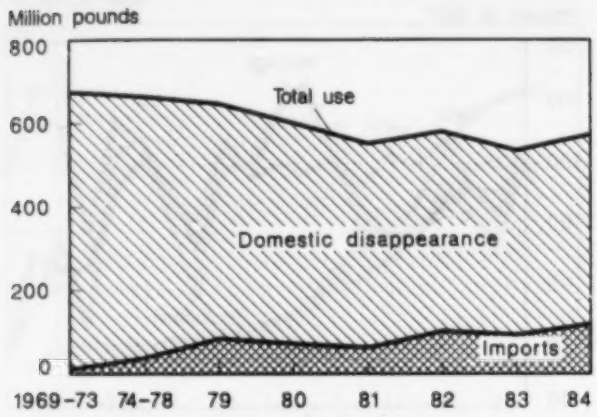
(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	1985	January-April		1986 as a percentage of 1985	1985	January-April		1986 as a percentage of 1985
		1985	1986			1985	1986	
	Million pounds			Percent	Million pounds			Percent
Cigarette tobacco								
Leaf								
Oriental								
Turkey	107.9	38.4	35.2	92	114.7	49.1	71.4	145
Greece	29.5	10.7	9.3	87	33.4	13.0	13.0	100
Yugoslavia	14.3	5.1	4.8	94	8.1	3.0	5.5	183
Other countries	19.8	7.2	6.3	88	18.9	9.5	9.7	102
Flue-cured	24.4	2.9	12.8	441	30.7	5.7	17.0	298
Burley	19.4	8.0	6.2	78	20.6	8.2	7.0	85
Other	125.6	34.9	48.5	139	116.7	24.0	29.4	123
Subtotal	340.9	107.2	123.1	115	343.1	112.5	153.0	136
Manufactured or not manufactured categories 2/	2.8	.8	.9	113	2.5	.6	.9	150
Scrap 3/								
Brazil	.4	.2	.2	100	1.2	.5	1.3	260
Korea, Republic of	*	0	0	0	0	0	0	0
Italy	.2	.2	.2	100	0	0	0	0
Mexico	*	0	0	0	0	0	0	0
Turkey	6.0	1.1	3.6	327	5.5	.9	2.2	244
Other countries	5.1	1.5	1.6	107	5.3	1.4	.7	50
Subtotal	11.7	3.0	5.6	187	12.0	2.8	4.2	150
Total	355.4	111.0	129.6	117	357.6	115.9	158.1	136
Cigar tobacco								
Wrapper	2.2	.7	.9	128	2.1	.7	.6	86
Filler--stemmed and unstemmed								
Dominican Republic	3.9	1.7	2.2	129	3.7	1.5	2.9	193
Other countries	4.0	2.5	.8	32	14.5	5.3	1.9	36
Subtotal	7.9	4.2	3.0	71	18.2	6.8	4.8	71
Scrap								
Philippines	5.7	1.8	1.0	56	4.5	1.1	.3	27
Indonesia	5.2	1.7	1.4	82	5.2	.6	1.0	167
Dominican Republic	3.4	2.0	2.4	120	3.4	2.3	1.8	78
Brazil	3.3	.9	1.0	111	2.8	1.8	.1	6
Other countries	14.2	4.7	3.9	83	16.6	4.8	4.4	92
Subtotal	31.8	11.1	9.7	87	32.5	10.6	7.6	72
Total	41.9	16.0	13.6	85	52.8	18.1	13.0	72
Stems	35.5	8.4	4.1	49	34.7	8.2	4.0	49
GRAND TOTAL	432.8	135.4	147.3	109	445.1	142.2	175.1	123

1/ Preliminary. 2/ Includes tobacco, manufactured or not manufactured, except smoking tobacco in retail packages, flue-cured and tobacco, manufactured or not manufactured, not specially provided for (other).
3/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff.
Detail may not add to total due to rounding.

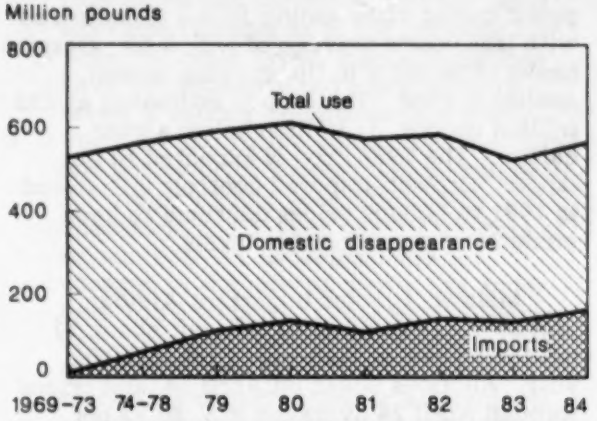
Compiled from publications and records of the Bureau of the Census.

U.S. Flue-Cured Imports and Domestic Use



Imports for consumption (duty paid) of leaf, scrap, and manufactured or unmanufactured (beginning 1980), prorated according to reported stocks of imported flue-cured. Marketing year beginning July 1.

U.S. Burley Imports and Domestic Use



Imports for consumption (duty paid) of leaf, scrap, and manufactured or unmanufactured (beginning 1980), prorated according to reported stocks of imported burley. Marketing year beginning October 1.

than a year earlier (table 6).1/ Cigarette leaf rose mainly because of a large increase in stemmed leaf; Oriental leaf declined. Cigarette scrap also rose but cigar leaf and scrap and stems declined.

Arrivals of tobacco (general imports) for the first 10 months (July 1985–April 1986) totaled 6 percent more than a year earlier. Cigarette leaf and cigarette scrap both rose, but cigar leaf and cigar scrap declined. Oriental cigarette leaf was up sharply; all other cigarette leaf was down. By April 1 of this year, U.S. stocks of foreign-grown cigarette and smoking tobacco fell 26 million pounds, 3 percent below a year earlier. The decline occurred in flue-cured and burley; Oriental stocks rose 5 percent from the previous April.

Tobacco Pesticide Residues and End Users of Imported Tobacco

The Food Security Act of 1985 (Public Law 99-198) requires that all flue-cured and burley tobacco offered for importation into the United States must either be certified by the importer, or inspected by the USDA, to assure that the tobacco does not contain more than a specified residual level of pesticides that have been cancelled, suspended or otherwise prohibited under the Federal Insecticide, Fungicide, and Rodenticide Act. The residue standards will be set by the Secretary of Agriculture and will apply to both domestic and imported flue-cured and burley tobacco. Further, all flue-cured or burley tobacco permitted entry into the United States must be accompanied by a written identification of any and all end users or purchasers to whom the importers may transfer such imported tobacco.

The Agricultural Marketing Service (AMS) is responsible for testing imported tobacco for pesticide residues and determining end users of imports. Proposed regulations for implementing testing and certification were published in the Federal Register on April 25. Comments are being evaluated by AMS before final changes are issued. The Agricultural Stabilization and Conservation Service (ASCS) is responsible for implementing residue standards and tests for domestically grown flue-cured and burley tobacco.

World Flue-Cured Tobacco Production 2/

The world flue-cured tobacco crop is forecast at about 7.6 billion pounds (about 3.46 million metric tons) in 1986, down 7 percent from 1985. Production in both China and India is expected to decline.

1/ Includes tobacco, manufactured or not manufactured, except smoking tobacco in retail packages, flue-cured and tobacco, manufactured or not manufactured, not specifically provided for (other).

2/ Summarized from various Foreign Agricultural Service reports.

Zimbabwe's 1985/86 tobacco auctions began on April 22. Prices averaged U.S. $.91 a pound during sales ending June 11, compared with last year's average of U.S. $.69. Despite heavy rains early in the growing season, quality is good. The crop is estimated at 233 million pounds, 31 million below a year earlier. The 1986 crop is expected to be larger. Grower-imposed controls introduced in 1981 to bolster prices continue to keep production at marketable levels.

Malawi, another important African producer, is expected to turn out about 54 million pounds of flue-cured tobacco this year. Auctions began on April 14, and prices through April 24 averaged U.S. $0.73 per pound, up from a year earlier.

The Canadian flue-cured tobacco market opened February 4 after a 5-month delay caused by extended price negotiations between growers and manufacturers. The market closed June 6, 1986 with 170 million pounds of tobacco sold. Despite a higher quality crop, prices were lower than a year ago, averaging U.S. $0.91 per pound. The reduced effective price of U.S. flue-cured tobacco has been a major factor in lower Canadian prices.

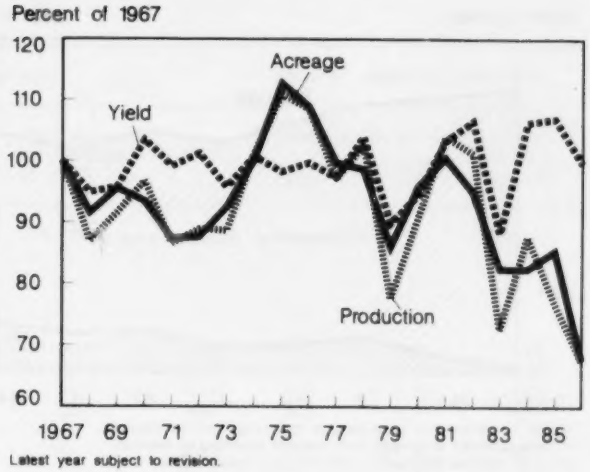
Brazil's 1986 production is expected to be down about 13 percent from a year ago. A prolonged drought reduced crop quality and yields. Grower price guarantees were up about 255 percent, while the inflation rate was about 235 percent at the time of the agreement. In March, Brazil introduced a reform package that froze all domestic prices and wages. In effect, this increases the real price to growers this season.

U.S. TOBACCO LEAF SITUATION AND OUTLOOK 3/

Dry weather during April and May has put setting and growth behind normal pace. The dry weather has caused slow growth and some shortages of plants. Field stands have also been reduced. Most areas received rain in the second half of May, but parts of the tobacco belt remained short of moisture in early June. By early June, setting of flue-cured was complete in Georgia, South Carolina, and North Carolina, and nearly complete in

3/ All quantities in this section are stated in farm-sales weight unless otherwise noted.

Tobacco Acreage, Yield and Production



Virginia. However, setting of burley was just getting in full swing in Kentucky and Tennessee.

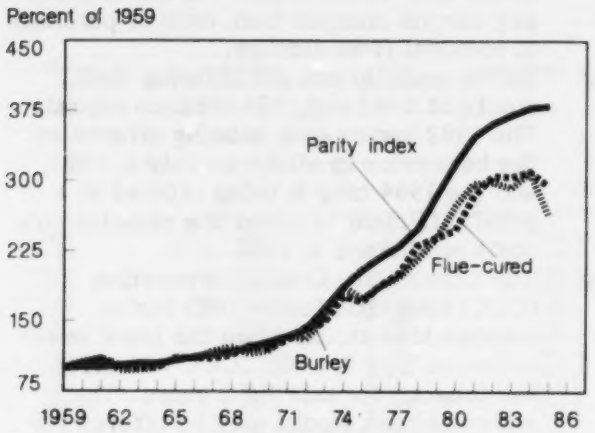
Auctions for the 1986 flue-cured crop are expected to begin in late July, depending on the recommendations of the Flue-Cured Tobacco Advisory Committee (scheduled to meet July 8) and on when a sufficient marketable volume becomes available. Last year's auctions opened July 25, the same day as the previous year.

The 1981 amendment to the Tobacco Inspection Act of 1935 requires growers to pay for the USDA grading service. The fee was 0.55 cent a pound last marketing season and will remain at that level this year. The fees, paid by the sellers at auction, are collected by USDA from warehouse operators.

With a smaller carryover and crop than last season, supply will decline. Under new legislation (The Consolidated Omnibus Budget Reconciliation Act of 1985--Public Law 99-279) burley price supports remain at $1.488 per pound, and flue-cured supports have been reduced from $1.699 per pound ($1.65 effective) to $1.438. 4/ Burley prices may average near last year's level, but flue-cured auction prices are expected to be much lower. However, the effective flue-cured price may

4/ Provisions of the Budget Reconciliation Act of 1985 that affect tobacco are described in the next section of this report.

Tobacco Prices and Parity Index



Prices paid for all items, including interest, taxes, and wage rates.
Latest year preliminary.

be about the same or higher (buyers received a 25-cent-per-pound rebate on all purchases in 1985).

USDA's Agricultural Statistics Board will publish estimates of flue-cured acreage, yield, and production by State on July 11. The August 12 report will contain separate estimates of acreage, yield, and production for each class and type by State. Subsequent monthly reports, September 11 through November 10, will contain only estimates of acreage, yield, and production by State for all classes and types combined. However, some State Statistical Service offices plan to again report estimates by type of tobacco for States producing a significant amount of more than one type. The Agricultural Statistics Board will publish estimates of burley acreage, yield, and production by State on December 10.

Tobacco Legislation

On April 7 the President signed the Budget Reconciliation Act of 1985 into law. Provisions of the law affecting the tobacco production control program are:

Price Support

- The price support level for 1986-crop burley tobacco will remain at $1.488 per pound. The price support level for 1986-crop flue-cured was lowered to $1.438 per pound from the $1.65 effective level of 1985 (before buyer rebates).
- The price support for 1986 and subsequent crops of any kind of tobacco (other than flue-cured and burley) will be set using the same formula as in the previous law. Also, for other types, loan associations have the authority to reduce support levels if market conditions warrant.
- For 1987 and future years, the flue-cured and burley price support will be the level for the preceding year adjusted by changes in the 5-year moving average of prices (two-thirds weight) and the changes in the cost of production index (one-third weight). Costs include general variable costs but exclude costs of land, quota, risk, overhead, management, marketing contributions or assessments, and other costs not directly related to the production of tobacco. The Secretary of Agriculture can set the price support between 65 and 100 percent of the calculated amount. However, provisions that gave the Secretary of Agriculture authority to lower the price support on certain grades of flue-cured tobacco were repealed.

Determination of Marketing Quotas

- Flue-cured and burley quotas are now based on: 1) intended purchases by cigarette manufacturers, 2) average annual exports for the 3 preceding years, and (3) the amount of tobacco needed to attain specified reserve stock levels (15 percent of the effective quota or a minimum of 100 million pounds of flue-cured and 50 million pounds of burley). Quota reductions for flue-cured and burley are limited to 6 percent for the period 1986-89 and 10 percent from 1990 to 1993.
- USDA's discretion for setting flue-cured and burley quotas is limited to not more than 103 percent or less than 97 percent of the amount determined by manufacturer's needs and exports, and the reserve stock level.
- The amount of flue-cured and burley tobacco that can be marketed without penalty was reduced from 110 to 103 percent of the farm marketing quota.
- The latest announcement date for marketing quotas for any kind of tobacco other than flue-cured and burley was changed from February 1 to March 1.

Flue-Cured and Burley Purchase Requirements Penalty

- Cigarette manufacturers are required to submit to USDA estimates of their flue-cured and burley purchases for the upcoming marketing year. If manufacturers do not submit an estimate of purchases, the USDA is permitted to provide an estimate.
- Any manufacturer that fails to purchase at least 90 percent of the tobacco it said it would purchase (whether estimated by the manufacturer or USDA) for purposes of quota determination is subject to a penalty of twice the per-pound assessment times the amount by which purchases are less than 90 percent of intended purchases.
- No penalties will be imposed if the total purchased by all manufacturers is at least 90 percent of the total intended purchases submitted by all manufacturers. The purchase requirement for each manufacturer will be reduced proportionally if total marketings are less than the effective national marketing quota.
- Penalties collected will be deposited in the no-net-cost flue-cured and burley accounts.

Assessments to No-Net-Cost Accounts

- Purchasers of flue-cured and burley tobacco will pay the same amount to the association's account as producers to the extent practicable.
- Failure to remit the assessment fee will result in a marketing penalty equal to 75 percent of the average market price of the tobacco involved.
- Future burley assessments are to be determined without regard to the 1983 crop, which was declared a disaster crop with special provisions for its disposition.

Purchase of Inventory Stock

- The Flue-Cured Stabilization Cooperative is offering to sell its stocks of 1976-84 crops at discount prices. The 1976-81 crops are discounted 90 percent and the 1982-84 crops 10 percent from established sales values. The sales value of the flue-cured inventory is being determined by the base price plus carryin charges accrued from December 20, 1984 to the date of purchase. Purchasers will pay carryin charges from date of purchase to removal from storage.
- Burley associations are offering their stocks of 1982 and 1984 tobacco for sale. The 1982 burley crop is being offered at the base price in effect on July 1, 1985, and the 1984 crop is being offered at a price sufficient to cover the association's costs as of April 7, 1986.
- The Commodity Credit Corporation (CCC) took title to the 1983 burley tobacco loan stocks when the loans were called on May 7, 1986. CCC will offer the tobacco for sale for 2 years. Then, any remaining stocks may be offered for sale at a 90-percent discount.
- The 1976-84 loan stocks of flue-cured and the 1982 and 1984 loan stocks of burley will be sold to manufacturers on the basis of a pro rata share of each crop, type, and grade of the entire inventory. Each manufacturer will purchase an amount equivalent to its share of U.S. cigarette production. Purchases by manufacturers are to take place over a 5-year period for burley and an 8-year period for flue-cured.

Review of Tobacco Grading and Disaster Crop Designation

- The Secretary of Agriculture will review the extent to which current grades accurately reflect tobacco quality, and also review criteria for designating disaster crops and establishing grades to reflect a crop resulting from natural disasters.
- A report to the House and Senate Agriculture Committees must be made by August 5, 1986. If needed, the Secretary is authorized to establish grades that would designate disaster crops and set support levels for such grades.

FLUE-CURED

April Leaf Stocks Decline

Stocks of flue-cured tobacco (types 11-14) totaled 2.13 billion pounds on April 1, 119 million below a year earlier. Reflecting the declining pattern of domestic use, manufacturers' stocks accounted for the drop.

Table 7—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yields, marketings, carryover, supply, disappearance, season average price, and price support operations, 1976-86 (farm-sales weight)

Marketing Year 1/	Acreage harvested	Yield per acre	Marketings 2/	Beginning stocks 1/			Total supply
				Manufacturers and others	Under loan	Total	
	Thousand acres	Pounds	-- Million pounds--				
Flue-cured, types 11-14							
1976	666.6	1,974	1,316.0	3/ 1,539.1	359.2	3/ 1,898.3	3,214.3
1977	589.3	1,917	1,124.2	1,517.6	556.9	4/ 2,075.0	3,199.2
1978	602.1	2,046	1,205.9	1,517.9	534.0	4/ 2,051.9	3,257.8
1979	502.8	1,881	945.8	1,510.8	564.0	2,074.8	3,020.6
1980	555.1	1,957	1,086.1	1,411.0	554.4	1,965.4	3,051.5
1981	540.6	2,164	1,144.3	1,416.8	595.8	2,012.6	3,156.9
1982	472.3	2,131	993.8	1,626.4	518.7	2,145.1	3,138.9
1983	409.8	2,004	854.8	1,516.3	688.4	2,204.7	3,059.5
1984	392.0	2,206	849.6	1,367.8	797.5	2,165.3	3,014.9
1985	357.1	2,241	791.8	1,247.1	833.1	2,080.2	2,872.0
1986 5/	320.0	2,100	675.0	1,142.0	840.0	1,982.0	2,657.0
Burley, type 31							
1976	285.8	2,376	663.8	3/ 1,115.3	44.8	3/ 1,160.1	1,823.7
1977	268.6	2,298	612.5	1,162.3	54.9	4/ 1,217.2	1,829.7
1978	261.4	2,396	617.6	1,087.0	113.5	4/ 1,218.4	1,836.0
1979	238.1	1,873	445.8	1,056.3	155.4	1,211.7	1,657.5
1980	276.6	2,027	557.5	959.5	66.3	1,025.8	1,583.3
1981	331.2	2,203	725.6	1,000.2	0	1,000.2	1,725.8
1982	346.2	2,374	776.7	1,120.2	.7	1,120.9	1,897.6
1983	292.6	1,645	526.7	1,092.6	226.1	1,318.7	1,845.4
1984	315.7	2,256	674.0	967.2	377.2	1,344.4	2,018.4
1985	265.3	2,247	541.9	913.0	548.9	1,461.9	2,003.8
1986 5/	220.0	2,200	465.0	868.8	580.0	1,448.8	1,913.8

Marketing Year 1/	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	---Million pounds---			--- Cents ---		Million pounds	Percent
Flue-cured, types 11-14							
1976	1,148.2	634.0	514.2	110.4	106.0	277.3	21.0
1977	1,147.3	608.2	539.1	117.6	113.8	195.6	17.3
1978	1,182.8	584.1	598.7	135.0	121.0	64.1	5.3
1979	1,083.2	563.2	520.0	140.0	129.3	72.0	7.4
1980	1,038.5	529.6	508.9	144.5	141.5	137.2	12.6
1981	1,011.7	488.8	522.9	166.4	158.7	105.9	9.3
1982	934.5	478.8	455.9	178.5	169.9	259.9	26.3
1983	894.2	441.7	452.5	177.9	169.9	7/ 194.8	7/ 22.9
1984	934.7	454.2	480.5	181.1	169.9	159.2	18.8
1985	6/ 890.0	6/ 450.0	6/ 440.0	171.9	169.9	132.2	16.7
1986					143.8		
Burley, type 31							
1976	606.3	489.6	116.8	114.2	109.3	46.6	7.0
1977	611.3	494.8	116.5	120.0	117.3	57.0	9.2
1978	624.3	502.8	121.4	131.2	124.7	67.7	10.8
1979	631.8	498.5	133.3	145.2	133.3	7.3	1.5
1980	583.1	477.6	105.5	165.9	145.9	.0	.0
1981	604.9	463.9	141.0	180.7	163.6	.8	.1
1982	578.9	444.1	134.8	181.0	175.1	269.2	35.0
1983	501.0	388.7	112.3	177.3	175.1	8/ 255.6	8/ 48.5
1984	556.2	402.6	153.6	187.6	175.1	200.3	29.8
1985	6/ 555.0	6/ 395.0	6/ 160.0	159.4	148.8	82.7	15.0
1986					148.8		

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. Estimated marketings of burley and flue-cured in 1986 reflects quota available for production and 1985 carryover. Based on current production estimates, all flue-cured and burley production and carryover cannot be sold with quota available. 3/ Adjusted for change in conversion factor January 1, 1977. 4/ Stocks revision January 1, 1979 report. 5/ Estimated from acreage intentions and quotas, projected yield. 6/ Estimated. 7/ Includes 163.1 million pounds from the 1983 crop and 31.7 million from the 1982 crop held by the Stabilization Cooperative and offered for sale in the 1983 marketing year. 8/ Includes sales of 1982 crop carryover tobacco.

Exports compiled from publications and records of the Bureau of the Census. Original data series under review.

Total disappearance during July 1985–March 1986 was 740 million pounds, about 24 million lower than a year earlier. Exports were down but domestic use was up despite reduced cigarette production.

Exports May Fall This Season

For the marketing year ending June 30, U.S. flue-cured exports will likely decline from last season. For the 10 months through April, exports totaled 403 million pounds, about 12 percent lower than a year earlier. Of the leading flue-cured importers, only West Germany took more. The United Kingdom, Spain, and Japan all took less. Other Asian countries, such as Thailand and Taiwan, also reduced imports from the United States.

Disappearance To Decline

Disappearance of flue-cured tobacco for 1985/86 is expected to be about 5 percent below 1984/85's 935 million pounds and 32 percent below the 1973/74 record. Use prospects are above last season's marketings, so carryover will decline (table 7).

From July 1985 through April 1985, 222 million pounds of loan stocks were sold, compared with 103 million a year earlier. Two years earlier only 66 million pounds were sold. Unsold loan stocks on May 31 totaled 711 million pounds, compared with 804 million a year earlier. The record was 960 million in January 1965 (table 8).

Hiked sales of loan stocks the last 2 years have resulted largely from discounted prices and price rebate purchase incentives. Since October 29, 1984, the Flue-Cured Cooperative Stabilization Corporation has offered a special discount program for loan stock tobacco. Discounts of 50 to 90 percent off base prices were offered on 1976–1981 crops, with the older crops having the largest discounts. Prices of 1982–84 tobacco were discounted 10 percent. To obtain the large discounts for the older tobacco (1976–81), purchasers had to buy 2 pounds of new crop (1982–84) for every 1 pound of older.

Buyers of the 1985 crop were given an immediate 10-cent-a-pound rebate and offered an additional 15-cent-a-pound rebate if two criteria were met: (1) at least 650 million pounds of the 1985-crop tobacco was purchased by the trade; and (2) at least 125 million pounds (dry weight, or approximately 140 million pounds farm-sales weight) of 1976–84 flue-cured loan stocks were purchased at reduced prices. The purchases were at the 2-1 ratio described earlier. The first criterion was met October 23, 1985, with the second reached December 23, 1985. About 144 million pounds, farm-sales weight, of tobacco were sold under the rebate incentive program. Funds for the rebate came from the 25-cent assessment fee on tobacco purchased by the trade. For tobacco placed under loan, the Stabilization Corporation received the full 25-cent assessment.

Incentive programs resulted in a 65-million-pound reduction in Stabilization stocks during 1985. Under new legislation (P.L. 99–279), four cigarette manufacturers are committed to purchase the 1976–84 inventory of loan stocks, and purchase agreements are nearing completion. This should result in further reductions in the loan stock inventory and hold down no-net-cost assessment rates.

Table 8--Tobacco loan stocks, 1984-86
(farm-sales weight)

Type	End of May		
	1984	1985	1986 1/
	Million pounds		
Actual			
Flue-cured, 11-14	801.4	842.7	821.1
Burley, 31	448.4	576.2	647.4
Virginia, 21	2.4	3.6	1.2
Kentucky-Tennessee, 22-23	4.3	11.5	19.5
Kentucky-Tennessee, 35-36	10.1	16.2	20.0
Ohio, 42-44	2.4	2.2	2.8
Puerto Rican, 46	5.9	5.9	5.6
Connecticut Valley, 51-52	3.8	3.6	3.5
Wisconsin, 54	2.2	2.1	.4
Wisconsin, 55	7.7	7.1	11.4
Total	1,288.6	1,471.1	1,532.9
Uncommitted			
Flue-cured, 11-14	757.5	803.6	2/ 710.9
Burley, 31	374.6	489.3	2/ 651.6

1/ April 30. 2/ May 31.

Compiled from records of Tobacco and Peanuts Division, ASCS.

Table 9—Flue-cured and burley tobacco: Marketing quota and marketings, 1976-86

Year	Quota		Marketings				
	Basic	Effective	Actual	Over-quota	Under-quota	Effective underquota 1/	Net carryover 2/
			Million pounds				
			Flue-cured, types 11-14				
1976	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977	1,116.5	1,197.3	1,124.2	42.6	115.2	106.9	64.3
1978	1,117.2	1,181.5	1,205.9	65.6	43.9	41.8	-26.4
1979	1,094.9	1,068.5	973.8	24.8	118.8	117.0	92.2
1980	1,094.4	1,186.5	1,086.1	36.0	137.9	135.1	99.1
1981	1,012.9	1,111.4	1,144.3	64.9	31.3	29.2	-35.6
1982	1,013.0	976.8	993.8	54.4	37.5	30.6	-23.8
1983	910.5	886.7	854.8	31.2	67.1	65.6	34.4
1984	804.3	831.7	849.6	42.6	32.8	31.5	-11.1
1985 3/	775.0	758.0	791.8				-35.0
1986 4/	728.5	692.0					
			Burley, type 31				
1976	634.8	726.4	663.6	33.1	96.2	82.3	49.2
1977	636.2	683.4	612.6	27.2	99.0	80.8	53.6
1978	614.2	667.8	614.2	31.5	88.2	67.6	36.1
1979	614.2	647.8	472.2	12.2	188.6	168.8	155.2
1980	614.4	768.9	557.5	11.6	224.3	200.1	181.8
1981	660.1	841.9	725.6	25.2	143.0	129.4	104.1
1982	680.3	777.8	776.7	46.8	50.9	41.2	-3.5
1983	646.6	641.0	526.7	13.7	132.4	127.6	113.9
1984	581.8	697.0	674.0	37.8	59.8	54.5	16.7
1985 3/	524.4	541.7	541.9	37.2	36.4	31.9	5.3
1986 4/	493.2	488.2					

1/ Underquota marketings less ineligible carryover. 2/ Effective underquota marketings less overquota marketings. 3/ Subject to revision. 4/ Preliminary.

Compiled from records and reports of Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

1986 Flue-Cured Acreage to Drop Again

The 1986 effective poundage quota is 692 million pounds, down 9 percent from last year. This is the smallest effective quota since the acreage poundage program was established, and 56 percent below the 1975 peak. Growers' intentions as of early March were to set a record-low 336,000 acres, 6 percent below a year earlier. However, the acreage will likely go lower because quotas under new legislation were not announced until April 25. Effective quotas for 1986 are lower than announced earlier and the new legislation voided the earlier quota announcement.

For 1986, the deadline for filing lease and transfer agreements at ASCS offices was extended from April 15 to May 30 because of the delay in the quota announcement under new legislation. In 1985, growers leased 30 percent of the poundage quota from allotment owners within their county. The proportion leased dropped for the third consecutive year. Lease rates have declined because of lower price supports. Since 1982, quota can be purchased within county lines and this option is being substituted for leasing quota. About 11 percent of the quota had been sold from 1982 to mid-1985 (table 10). Under current legislation, lease and transfer of quota will be terminated beginning with the 1987 crop, so quota consolidation will have to be achieved by other means.

Assuming a normal growing season and considering the effective quota and estimated acreage, the 1986 crop could total about 670 million pounds. However, 25 to 30 million pounds were not sold in 1985 because of insufficient quota. Including remaining 1985-crop tobacco, around 700 million pounds

Table 10--Sales of flue-cured tobacco quotas, 1982/83-1984/85 1/

State and year	Sales (basic quota)
	1,000 pounds
Alabama	
1982/83	106
1983/84	70
1984/85	73
Florida	
1982/83	849
1983/84	2,668
1984/85	2,597
Georgia	
1982/83	1,340
1983/84	5,766
1984/85	7,804
North Carolina	
1982/83	11,086
1983/84	18,716
1984/85	11,615
South Carolina	
1982/83	630
1983/84	1,737
1984/85	2,475
Virginia	
1982/83	3,412
1983/84	4,928
1984/85	3,226
All States	
1982/83	17,423
1983/84	33,885
1984/85	27,790

1/ Year ending June 15.

Source: Unpublished reports, U.S. Department of Agriculture, Agricultural Stablization and Conservation Service, Commodity Analysis Division.

may be available for sale. Quota is available to sell about 675 million pounds. The combined marketings and carryover would make the 1986/87 supply about 7 percent lower than 1985/86's 2.87 billion pounds. But this still represents about 3 years' supply, compared with a desired supply of about 2.4 years. However, supply and demand are in better balance than for several years.

1986 Price Support Details

Flue-cured tobacco is under acreage-poundage marketing quotas, and price support is not provided for growers planting acreage in excess of the farm acreage allotment or for marketings that exceed 103 percent of the grower's effective quota. To receive price supports, producers must certify that their pesticides have been approved by the Environmental Protection Agency, and that they have been used in accordance with label directions. As a condition for price support for flue-cured tobacco, USDA requires growers to designate a warehouse where they intend to sell it. Also, to be eligible for price support, growers must contribute to a no-net-cost account. The assessment level will be announced before the opening of the auction markets and will be paid equally by producers and buyers to the extent practicable.

The overall 1986 flue-cured price support level was established under legislation at $1.438 a pound, compared with an effective level of $1.65 a pound in 1985. However, under the Gramm-Rudman-Hollings budget law, cash disbursements to loan associations will be reduced 4.3 percent from the announced support level. Details on how the reduction will be handled in the auction markets have not been announced, but USDA announced on April 21 that the reduction will be administered in such a manner as to minimize disruption of the orderly marketing of tobacco.

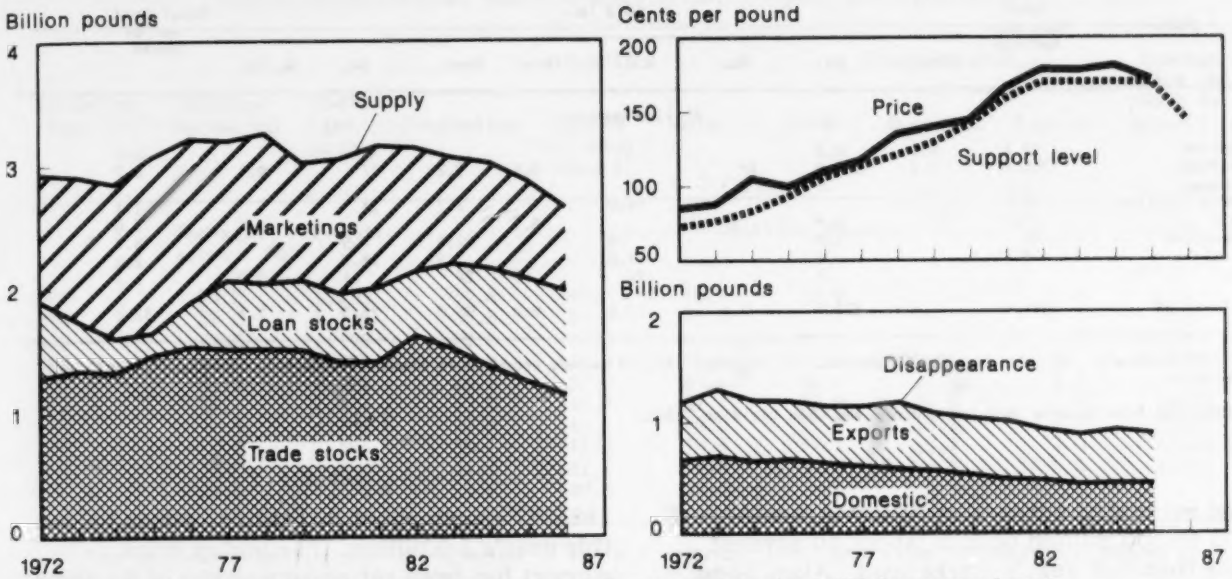
Again in 1986 no support applies to P5L, P5F, P5G, N1L, N1GL, N1XO, N1XL, and N1PO. The share of the crop accounting for these grades ranged from 2 to 5 percent during 1981-85. As in the past, no support will be offered on tobacco graded N2, NO-G, U, W, or scrap.

Growers Again Designate Warehouse Preferences

Because quotas were announced only on April 25 under new legislation, the April 15 deadline for designating warehouses was extended to May 30. Since the designation procedure began in 1974, sales schedules and inspection services are provided at individual warehouses on the basis of the quantity of tobacco designated.

After growers make warehouse designations at their local ASCS offices, grower lists are prepared for each warehouse, and the information is sent to the Flue-Cured Tobacco Advisory Committee. In addition to recommending opening dates and schedules, the Committee advises USDA on the geographic grouping of auction markets and the distribution of grades.

Flue-Cured Tobacco: Supply, Price, Use



1986 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning July 1. 1985 disappearance forecast.

USDA Proposes To Amend Official Standards For Flue-Cured Tobacco

The USDA has proposed a revision in the grade standards for flue-cured tobacco that more accurately describes tobacco at the marketplace. The changes would distinguish papery body, a thin-bodied oilless tobacco, from regular-bodied tobacco, and develop new grades to describe excessively scorched and whitish-lemon colored tobacco. The proposal would also delete five rarely used grade standards.

BURLEY

Total Use May Change Little in 1985/86, But Stocks May Fall

Both domestic use and exports of burley fell during October 1985–March 1986. The 6-month disappearance of 294 million pounds was 11 percent below a year earlier. Domestic use fell 28 million pounds to 220 million because cigarette output was down. For the entire 1985/86 marketing year, domestic use may fall about 2 percent.

Despite reduced burley shipments during October–April, export prospects for the marketing year are above last year's 154 million pounds. For the first 7 months of the marketing year, burley shipments totaled 113 million pounds, about 6 percent below a year earlier. Japan, West Germany, Italy, and Switzerland took less. Thailand, the Philippines and the Netherlands took more. On an unstemmed leaf basis, burley exports averaged $2.18 a pound during October–April, down 29 cents from a year earlier.

The carryover at the beginning of 1985/86, 1.46 billion pounds, was up 9 percent from a year earlier. By April 1, with the 1985 crop in storage, stocks totaled 1.71 billion pounds, 21 million above a year earlier. Loan holdings built further and stood at about 650 million pounds on May 31. With about the same use in 1985/86, the carryover this fall may be about 1 percent below beginning stocks (table 7).

1986 Crop to Decline

For 1986, the effective burley quota is 488 million pounds, about 10 percent less than in 1985. According to planting intentions in early March, farmers indicated plans to set about 8 percent less acreage than last year. However, a smaller quota was announced April 25 under new legislation, so acreage will likely be reduced further. Assuming normal yields

Table 11—Burley tobacco: Farm marketings by State and across-state-line movement, 1985 crop 1/

State	Total farm marketings	Sold in—							Total sold out of State
		Ind.	Ky.	Mo.	N.C.	Ohio	Tenn.	Va.	W. Va.	
	Million pounds									
Indiana	14.2	8.2	6.0							6.0
Kentucky	365.3	3.2	358.6	2/		0.2	3.2	2/	0.1	6.7
Missouri	5.2		.1	5.1						.1
North Carolina	18.7				16.0		2.7	2/		2.7
Ohio	15.7	2/	6.4			8.7			.6	7.0
Tennessee	98.7		1.6		.6		92.0	4.5		6.7
Virginia	20.7		.1		1.0		.9	18.7		2.0
West Virginia	3.3		.7		2/	.5	2/	.1	2.0	1.3
Total 3/	541.9	11.4	373.5	5.1	17.6	9.4	98.8	23.3	2.7	32.5

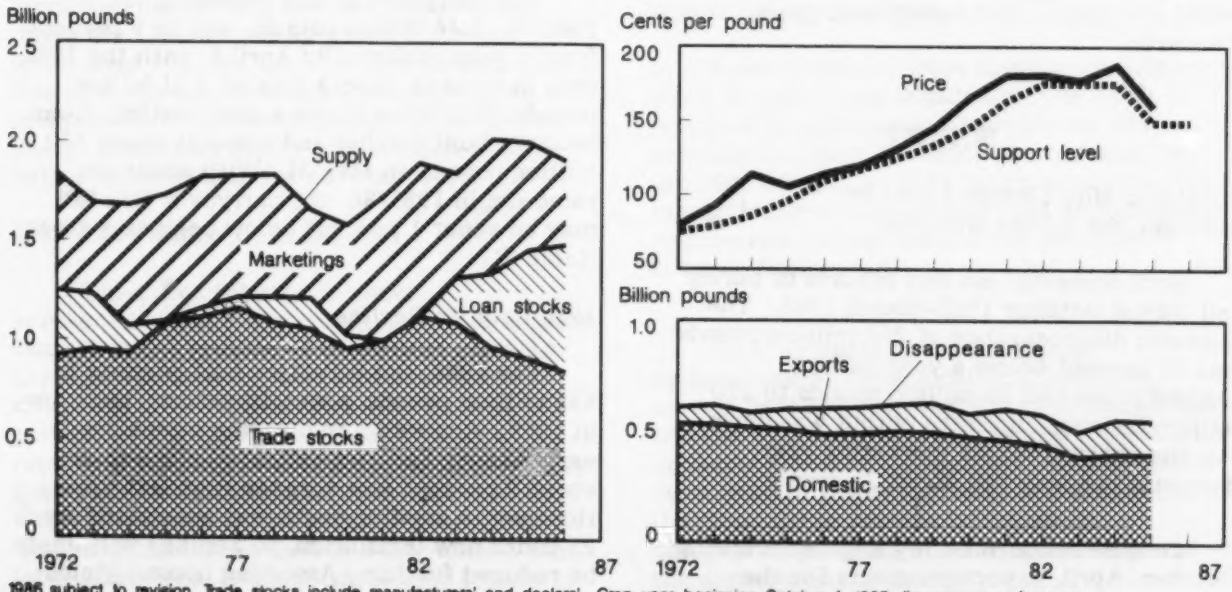
1/ Preliminary. 2/ Less than 50,000 pounds. 3/ Includes 148,174 pounds produced in Alabama, Arkansas, Georgia, Illinois and Kansas.

Compiled from records of Price Support and Loan Division, ASCS.

and estimated acreage, production would total 475 to 500 million pounds, about 10 percent less than last year's marketings. Also, 50 to 55 million pounds of tobacco was carried over on farms from the 1985 crop because of insufficient quota to sell it.

Marketings in 1986/87 are expected to total about 465 million pounds because of quota constraints. The indicated carryover plus projected marketings would push the 1986/87 supply about 90 million pounds below this year's 2.0 billion. The burley price support has been set at an average of $1.488 a pound, the same as last year. However, loan disbursements are scheduled to be reduced 4.3 percent in accordance with the Gramm-Rudman-Hollings budget act. No-net-cost assessments have not been set. Last year's assessment was 4 cents per pound. This year's assessment will be shared equally between the tobacco producer and buyer so far as practicable.

Burley Tobacco: Supply, Price, Use



1986 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning October 1. 1985 disappearance forecast.

Table 12--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1977-86 (farm-sales weight)

Marketing Year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Stocks following Jan. 1	Total	Total	Domestic	Exports	
	Thousand acres	Pounds	------Million pounds------						Cents
1977	25.0	1,230	30.8	45.3	76.1	29.0	19.6	9.4	115.1
1978	24.0	1,275	30.6	41.9	72.5	31.1	21.1	10.1	123.1
1979	19.5	1,130	22.0	41.3	63.4	33.6	23.6	10.0	139.7
1980	24.0	1,091	26.2	32.6	58.8	27.3	18.6	8.7	167.9
1981	36.2	1,281	46.4	37.0	83.4	36.0	27.9	8.1	157.3
1982	29.3	1,433	42.0	40.7	82.7	38.9	26.0	12.9	148.0
1983	31.3	1,196	37.4	2/ 40.6	78.0	33.8	29.7	4.1	106.9
1984	27.3	1,396	38.1	2/ 41.3	79.4	37.7	28.7	9.0	132.0
1985	24.5	1,414	34.7	2/ 42.2	76.9	3/ 36.5	3/ 27.5	3/ 9.0	129.2
1986 4/	23.5	1,250	29.4	40.4	69.8				

1/ Year beginning October 1. 2/ Adjusted to reflect calendar 1983-1985 sales of tobacco produced in Pennsylvania. 3/ Estimated. 4/ Estimated carryover; projected crop.

SOUTHERN MARYLAND

Smaller Crop, But Lower Prices

The 1985 crop of Maryland tobacco (type 32)--about 9 percent smaller than in 1984--sold for an average of $1.29 a pound, 3 cents below a year earlier. Auction sales in Maryland began March 18 and ended May 1. Prices at Maryland markets averaged $1.32 a pound, 8 cents lower than a year earlier. However, Maryland-type tobacco grown in Pennsylvania sold for 14 cents a pound more. Quality of Maryland-grown tobacco was a little lower than the year before, and the price was probably hurt because of lower burley price supports and large supplies of light air-cured (cigarette) tobacco. In a referendum in 1982, Maryland growers rejected USDA grading with the required fee, so that service was not provided.

Growers of Maryland-type tobacco have not approved marketing quotas since the 1965 crop, so it is not eligible for price support. The 1981 Agriculture and Food Act provides prohibitive penalties for growing and marketing Maryland tobacco in quota areas. However, about 3,500 acres of Maryland tobacco were produced in the Pennsylvania seedleaf (type 41) area in 1985. Quotas are not in effect for Pennsylvania seedleaf tobacco.

Stable Use; Stocks May Decline

Maryland tobacco goes almost entirely into cigarettes. Domestic disappearance during the first half of 1985/86 was estimated at 16 million pounds, about 2 million below a year earlier. Exports plus domestic disappearance are forecast to fall from last season's 38 million pounds. With use below last season, the January 1, 1987 carryover will decline (table 12).

Based on planting intentions in early March and normal yields, the 1986 crop may be somewhat smaller than last year's. If the prospective crop is achieved, the supply for 1986/87 would be about 9 percent smaller than this season.

FIRE-CURED

Disappearance May Rise

The 1985 crop was smaller than the year before and quality declined (except in Virginia). Beginning stocks were much larger this season, so supplies increased even with a smaller crop. Prices averaged $1.47 a pound, about 4-1/2 cents lower than a year earlier. Country purchases (about 30 percent of the type 22-23 crop) averaged about $1.70 a pound, while auction sales averaged $1.38 for

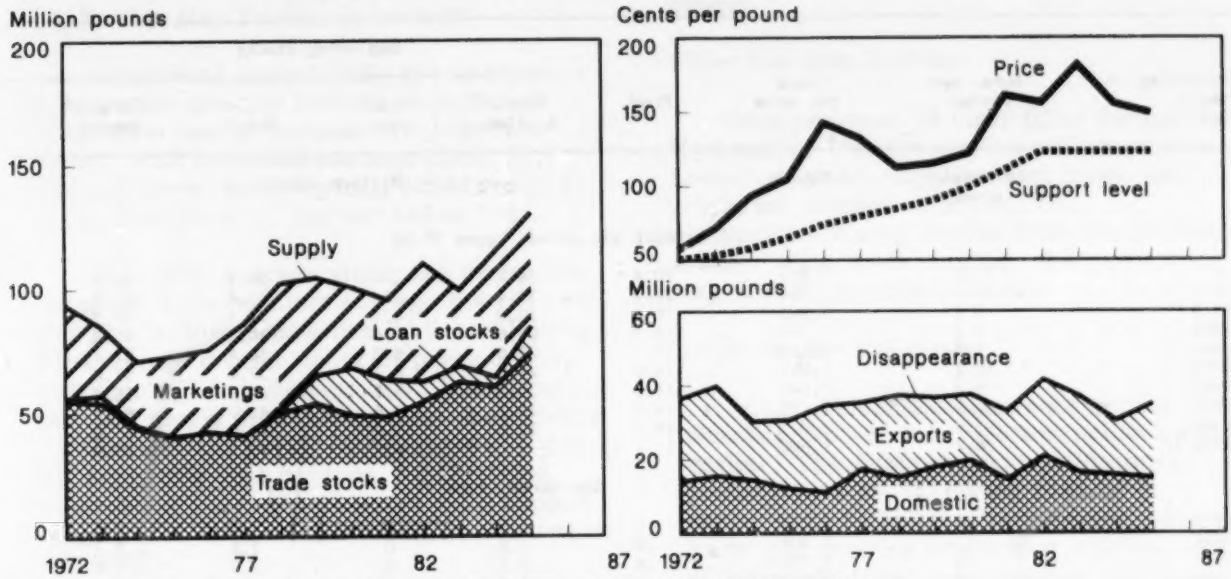
Table 13—Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1977-86 (farm-sales weight)

Mkt. yr. begin. Oct. 1	Acre. harvested	Yield per acre	Prod.	Beginning stocks: Mfrs. & other	Beginning stocks: Under loan	Beginning stocks: Total	Total supply
	Thousand acres	Pounds		Million pounds			
			Kentucky-Tennessee fire-cured, types 22-23				
1977	25.6	1,767	45.2	41.2	1/	41.2	86.4
1978	27.1	1,898	51.4	50.0	1.0	51.0	102.4
1979	22.1	1,791	39.6	54.0	11.1	65.1	104.7
1980	19.4	1,680	32.6	48.9	19.1	68.0	100.6
1981	20.6	1,578	32.4	48.4	14.7	63.1	95.5
1982	23.5	2,030	47.7	54.5	8.0	62.5	110.2
1983	21.5	1,511	32.5	62.3	6.4	68.7	99.4
1984	23.7	2,133	50.5	60.4	3.8	64.2	114.7
1985	21.5	2,134	45.9	74.2	10.1	84.3	130.2
1986 2/	19.7	1,800	35.5			95.2	130.7
			Virginia fire-cured, type 21				
1977	7.2	1,000	7.2	7.0	1/	6.7	13.9
1978	6.1	1,120	6.8	7.9	.8	8.7	15.5
1979	4.8	1,135	5.4	8.2	2.7	10.9	16.3
1980	3.9	935	3.6	6.0	3.3	9.3	12.9
1981	4.1	1,265	5.2	5.7	2.6	8.3	13.5
1982	4.8	1,150	5.5	6.7	2.3	9.0	14.5
1983	4.7	985	4.6	7.9	2.4	10.3	15.1
1984	4.6	1,325	6.1	5.6	2.4	8.0	13.8
1985	3.6	1,245	4.5	6.9	3.1	10.0	14.5
1986 2/	3.0	1,100	3.3			9.0	12.3

Mkt. yr. begin. Oct. 1	Disappearance: Total	Disappearance: Domestic	Disappearance: Exports	Aver. price per lb.	Price support level	Placed under loan: Quantity	Placed under loan: % of crop
	Million pounds			Cents		Million pounds	Percent
			Kentucky-Tennessee fire-cured, types 22-23				
1977	35.4	17.4	18.0	132.3	79.5	1.1	2.4
1978	37.3	15.1	22.2	112.5	84.6	11.3	22.2
1979	36.7	18.0	18.7	115.2	90.3	11.4	28.8
1980	37.5	19.7	17.8	121.9	98.9	2.1	6.4
1981	33.0	14.5	18.5	161.1	111.0	1.1	2.8
1982	41.5	20.9	20.6	156.0	123.0	4.4	9.2
1983	37.0	16.4	20.6	181.7	123.0	2.0	6.0
1984	30.4	15.7	14.7	155.4	123.0	7.6	15.0
1985	3/ 35.0	3/ 14.5	3/ 20.5	149.2	123.0	9.6	21.0
1986					4/ 124.7		
			Virginia fire-cured, type 21				
1977	5.2	2.8	2.4	96.2	79.5	1.0	14.4
1978	4.6	1.0	3.6	94.5	84.6	1.8	26.2
1979	7.0	3.2	3.8	107.9	90.3	.9	16.3
1980	4.6	2.6	2.0	128.1	98.9	.3	7.2
1981	4.5	1.8	2.7	131.7	111.0	.3	5.9
1982	4.2	2.7	1.5	117.6	118.8	.4	8.1
1983	6.9	4.8	2.1	126.8	118.8	.4	8.6
1984	4.1	1.1	3.0	117.8	118.8	1.1	18.4
1985	3/ 5.5	3/ 2.0	3/ 3.5	124.0	118.8	.8	16.7
1986					4/120.4		

1/ Less than 50,000 pounds. 2/ Estimated, projected crop. 3/ Estimated. 4/ Maximum.

Fire-Cured Types 22-23: Supply, Price, Use



Trade stocks include manufacturers' and dealers'. Crop year beginning October 1. 1985 disappearance forecast.

all three fire-cured types. Growers placed 21 percent of the 1985 crop under loan, a higher share than in 1984.

The disappearance of fire-cured (types 21-23) during the first half of 1985/86 was 29 million pounds, about 4 million above last season. Exports were up sharply, but domestic use declined. Production of snuff, chewing and smoking tobacco were all lower than 1984/85's output.

Because of this year's reduced allotments and last season's lower prices, growers may reduce acreage about 10 percent. Based on estimates derived from March planting intentions, reductions are expected in both the Kentucky-Tennessee and Virginia areas. On the basis of indicated acreage and normal yields, growers will produce about 39 million pounds, about 23 percent less than in 1985. Even though prospects are for a somewhat larger 1985/86 carryover, the supply for 1986/87 will likely be slightly lower than in 1984/85 because of the smaller projected crop.

DARK AIR-CURED

Disappearance May Decline a Little

Disappearance of dark air-cured tobaccos (types 35-37) during the first half of 1985/86 was 6.8 million pounds, down 0.6 million from a year earlier. Exports rose but domestic use declined. The manufacture of plug chewing tobacco--a major outlet for dark air-cured tobacco--was below a year earlier and snuff production was also down. For the entire year, total use may be down a little, and the 1985/86 carryover will likely rise. Exports of Black Fat tobacco--a semi-processed product consisting of dark air-cured and fire-cured leaf--totaled 1.8 million pounds during October 1985-March 1986, an increase of 0.8 million from a year earlier. Almost all Black Fat goes to West African destinations.

Compared with 1984/85, growers received 1 cent a pound less for a crop that was 4 million pounds smaller. Prices for Kentucky-Tennessee air-cured were lower while Virginia sun-cured prices were higher. Growers placed 30 percent of the crop under loan, a little less than a year earlier. For 1985/86, disappearance is expected to decline, and the carryover into 1986/87 will rise.

This year, growers of dark air-cured and sun-cured tobacco may harvest around 6,400 acres, about 17 percent less than last year. With normal yields, the crop could total 11.4 million pounds, more than 4 million less than last season. With prospects for a smaller crop, the supply for 1986/87 will likely decline despite a larger carryover.

Table 14--Dark air-cured tobacco, types 35-36, and sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1977-86 (farm-sales weight)

Marketing yr. begin. Oct. 1	Acre. harvested	Yield per acre	Prod.	Beginning stocks			Total supply
				Mfrs. & other	Under loan	Total	
	Thousand acres	Pounds		- - - -Million pounds- - - -			
				Dark air-cured, types 35-36			
1977	11.2	1,809	20.4	26.1	—	26.1	46.5
1978	11.2	1,969	22.2	30.4	1/	30.4	52.6
1979	9.7	1,665	16.1	30.0	4.1	34.1	50.2
1980	9.3	1,745	16.2	28.6	5.6	34.2	50.4
1981	9.7	1,614	15.7	29.6	6.8	36.4	52.1
1982	10.2	1,951	19.9	29.8	8.1	37.9	57.8
1983	8.7	1,643	14.3	29.2	13.1	42.3	56.6
1984	8.8	2,157	19.0	33.2	9.5	42.7	61.7
1985	7.5	2,025	15.2	32.8	15.0	47.8	63.0
1986 2/	6.2	1,800	11.2			49.7	60.9
				Sun-cured, type 37			
1977	.8	1,030	.8	1.8	0	1.8	2.6
1978	.7	1,205	.9	1.8	0	1.8	2.7
1979	.5	1,055	.6	2.2	0	2.2	2.8
1980	.4	1,010	.4	2.0	0	2.0	2.4
1981	.5	1,320	.7	1.6	0	1.6	2.3
1982	.6	1,290	.7	1.6	0	1.6	2.3
1983	.5	780	.4	1.5	0	1.5	1.9
1984	.4	1,340	.6	1.4	0	1.4	2.0
1985	.2	1,150	.2	1.1	.3	1.4	1.6
1986 2/	.2	1,100	.2			1.1	1.3

Marketing yr. begin. Oct. 1	Disappearance			Aver. price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percent of crop
	- - - Million pounds - - -			Cents		Million pounds	Percent
				Dark air-cured, types 35-36			
1977	16.1	13.6	2.4	117.7	70.7	1/	—
1978	18.4	15.7	2.7	99.1	75.2	4.3	19.7
1979	16.0	14.2	1.8	111.7	80.4	2.2	13.7
1980	14.0	12.0	2.0	126.5	88.0	1.4	8.6
1981	14.2	12.3	1.9	133.0	98.7	1.5	9.6
1982	15.5	14.6	.9	122.9	105.7	5.7	28.8
1983	13.9	11.7	2.2	151.3	105.7	1.3	8.6
1984	13.9	11.5	2.4	127.9	105.7	6.1	32.4
1985	3/ 13.3	3/ 10.5	3/ 2.8	126.3	104.7	4.5	29.9
1986					4/ 106.1		
				Sun-cured, type 37			
1977	.8	.6	.1	100.0	70.7	5/ 13	1.6
1978	.5	.3	.2	88.8	75.2	5/ 109	12.4
1979	.8	.6	.2	90.8	80.4	5/ 30	5.2
1980	.8	.7	.1	127.1	88.0	5/ 2	.5
1981	.7	.6	.1	131.7	98.7	5/ 4	.7
1982	.8	.7	.1	106.4	109.4	5/ 69	9.4
1983	.5	.4	.1	132.5	109.4	5/ 1	.3
1984	.6	.4	.2	94.3	109.4	5/ 262	44.4
1985	3/ .5	3/ .3	3/ .2	100.0	109.4	5/ 53	23.0
1986					4/ 110.9		

1/ Less than 50,000 pounds. 2/ Estimated, projected crop. 3/ Estimated. 4/ Maximum. 5/ Quantity placed under loan in thousands of pounds.

CIGAR TOBACCO

Production May Decline in 1986/87

Supplies of domestically grown cigar tobacco are down in 1985/86 even though production was up because carryover was lower. With indicated acreage about 11 percent lower, normal yields would result in production about 17 percent below 1985.

With near average yields and intentions for about 6 percent less acreage than in 1985, this year's filler production (U.S. and Puerto Rican) could decline about 11 percent from last year's 17.9 million pounds. Binder output may fall nearly 5 million pounds. Allotments for Connecticut Valley binder (types 51-52) do not apply this year because, for the third consecutive year, the proposed price support program for Connecticut Valley binder was not approved.

Acreage intentions for binder tobacco are down 20 percent in Wisconsin. With average yields, the cutback would reduce Wisconsin binder production to about 13 million pounds--3 or 4 million below anticipated disappearance. Wisconsin binder goes into chewing tobacco.

Wrapper production in 1986 may not change from 1985. Acreage is above 1982-84 levels, but down sharply from 1980 because there has been a shift to homogenized leaf, which requires considerably less wrapper.

April 1 holdings of U.S. and Puerto Rican cigar tobacco (types 41-62) totaled 149 million pounds, about 6 percent more than a year earlier. Filler and wrapper declined while binder rose. On April 1, U.S. stocks of foreign-grown cigar tobacco were 86 million pounds, about 1 percent above the previous year. During the first half of 1985/86, manufacturers used about 7 million pounds less imported cigar tobacco than they did a year earlier.

Filler Use May Decline

Disappearance of cigar filler during the first half of 1985/86 was 2.5 million pounds below last year. Supplies were lower and prices are weaker. For 1985/86, disappearance may decline from the previous season. With lower supplies, the carryover may drop to 52 million pounds.

Cigar Binder Use Down

Cigar binder disappearance during October 1985-March 1986 was below a year earlier. The disappearance of Wisconsin binder (types 54-55) during 1985/86 is expected to be below a year earlier, because loose leaf chewing production is down. Prices of Wisconsin tobacco were lower and loan takings were up sharply. The disappearance of Connecticut Valley binder tobacco may decline from last season. Ending stocks will probably increase.

Wrapper Use Decreases

The use of shade-grown wrapper tobacco is below last season as domestic use is down and exports are about the same as a year ago. Production in 1986 may remain about the same as last year, but 1986/87 supplies will decline to about 3.7 million pounds, down from 4.7 million a year ago and 10 million 5 years ago. The unit value of the wrapper crop rose to $12.65 a pound this season, up from $12.50 in 1984/85.

The disappearance of cigar wrapper during July 1985-March 1986 was 2.1 million pounds, about 0.4 million less than a year earlier. Exports rose a little but domestic use declined.

Table 15—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1977-86 (farm-sales weight)

Crop Year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
Pennsylvania seedleaf filler (type 41)									
1977	13.5	1,940	26.2	49.7	75.9	21.8	21.6	.2	60.0
1978	13.0	1,940	25.2	54.1	79.3	23.6	23.5	.1	62.0
1979	11.2	1,580	17.7	55.7	73.4	24.3	24.0	.3	72.0
1980	13.0	1,900	24.7	49.1	73.8	21.7	21.4	.3	87.0
1981	15.5	2,050	27.3	52.1	79.4	27.1	26.9	.2	80.0
1982	10.7	2,000	21.4	52.3	73.7	19.6	19.2	.4	73.0
1983	7.7	1,850	14.2	54.1	68.3	20.3	20.0	.3	83.0
1984	7.7	1,900	14.6	48.0	62.6	20.1	19.9	.2	90.0
1985	8.0	1,950	15.6	42.5	58.1	18.0	17.7	.3	71.0
1986 2/	7.5	1,875	14.1	40.1	54.2				
Ohio, Miami, Valley filler (types 42-44)									
1977	1.8	2,025	3.6	6.0	9.6	2.6	2.6	—	62.0
1978	1.6	1,850	3.0	7.0	10.0	3.7	3.7	—	64.0
1979	1.3	1,500	2.0	6.3	8.3	4.5	4.5	—	87.0
1980	1.4	1,700	2.4	3.8	6.2	4.1	4.1	—	107.0
1981	1.7	1,440	2.5	4.0	6.5	2.1	2.1	—	105.0
1982	1.8	1,950	3.5	4.4	7.9	2.0	2.0	—	90.0
1983	1.4	1,370	1.9	5.9	7.8	1.9	1.9	—	75.0
1984	1.1	2,000	2.2	5.9	7.9	1.9	1.9	—	90.0
1985	.8	2,050	1.7	6.2	7.9	1.9	1.9	—	87.0
1986 2/	.7	1,750	1.2	6.0	7.2				
Puerto Rico filler (type 46) 3/									
1977	2.6	1,480	3.9	6.4	10.3	3.9	3.9	—	60.2
1978	2.2	1,400	3.1	6.4	9.5	2.6	2.6	—	57.0
1979	2.0	1,000	2.0	6.9	8.9	.8	.8	—	69.1
1980	1.1	1,380	1.5	8.1	9.6	1.6	1.6	—	73.5
1981	.6	1,000	.6	8.0	8.6	1.3	1.3	—	86.0
1982	.3	1,000	.3	7.3	7.6	.8	.8	—	91.0
1983	.8	1,000	.8	6.8	7.6	1.5	1.5	—	91.0
1984	.6	1,000	.6	6.1	6.7	.3	.3	—	74.0
1985	.6	1,000	.6	6.4	7.0	.8	.8	—	74.0
1986 2/	.6	1,000	.6	6.2	6.8				
Total cigar filler (types 41-46)									
1977	17.9	1,883	33.7	62.1	95.8	28.3	27.0	.3	60.2
1978	16.8	1,863	31.3	67.5	98.8	29.9	29.8	.1	61.5
1979	14.5	1,475	21.7	68.9	90.6	29.6	29.3	.3	73.1
1980	15.5	1,845	28.6	61.0	89.6	27.5	27.0	.5	87.5
1981	15.6	1,949	30.4	64.1	94.5	30.5	30.3	.2	82.1
1982	12.8	1,969	25.2	64.0	89.2	22.4	22.0	.4	75.6
1983	9.9	1,707	16.9	66.8	83.7	23.7	23.4	.3	82.4
1984	9.4	1,907	17.4	60.0	77.4	22.3	22.1	.2	90.0
1985	9.4	1,904	17.9	55.1	73.0	20.7	20.4	.3	72.3
1986 2/	8.8	1,807	15.9	52.3	68.2				
Connecticut Valley binder (types 51-52)									
1977	1.4	1,784	2.5	4.3	6.8	1.9	1.9	•	121.3
1978	1.5	1,734	2.6	4.9	7.5	2.1	2.0	.1	144.9
1979	1.5	1,637	2.4	5.5	7.9	2.2	2.0	.2	161.5
1980	1.5	1,750	2.6	5.7	8.3	2.2	2.0	.2	178.8
1981	1.7	1,998	3.5	6.1	9.6	2.5	2.4	.1	182.1
1982	2.1	1,660	3.5	7.1	10.6	3.3	3.1	.2	180.9
1983	1.4	1,793	2.5	7.3	9.8	3.2	3.0	.2	155.7
1984	1.1	1,794	1.9	6.7	8.6	2.7	2.4	.3	167.6
1985	1.1	1,819	2.1	5.9	8.0	2.0	1.7	.3	177.5
1986 2/	1.1	1,750	1.9	6.0	7.9				
Southern Wisconsin binder (type 54)									
1977	6.2	2,020	12.5	23.8	36.3	10.2	10.2	—	84.6
1978	6.2	1,800	11.2	26.0	37.2	11.4	11.4	—	100.5
1979	6.3	2,080	13.1	25.8	38.9	—	—	—	117.0
1980	6.3	2,110	13.3	4/	—	—	—	—	125.0
1981	6.4	2,150	13.8	4/	—	—	—	—	113.0
1982	5.1	2,110	10.8	4/	—	—	—	—	106.0
1983	4.4	2,080	9.2	4/	—	—	—	—	110.0
1984	3.9	2,105	8.2	4/	—	—	—	—	111.0
1985	3.9	2,435	9.5	4/	—	—	—	—	103.0
1986 2/	3.1	2,050	6.4	4/					

See footnotes at end of table.

Continued

Table 19--Cigar tobacco, types 41-62. Domestic supplies, disappearance, and season average prices, 1977-86 (farm-sales weight)--continued

Crop year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
Northern Wisconsin binder (type 55)									
1977	5.8	2,045	11.9	16.2	28.1	9.1	9.1	.1	85.5
1978	5.9	1,550	9.1	19.1	28.2	8.9	8.9	.1	100.5
1979	6.6	1,810	11.9	19.3	31.2	—	—	•	117.0
1980	6.6	1,920	12.7	4/	—	—	—	—	125.0
1981	7.3	1,725	12.6	4/	—	—	—	—	108.0
1982	9.0	1,875	9.4	4/	—	—	—	—	101.0
1983	4.2	1,795	7.5	4/	—	—	—	—	109.0
1984	4.2	1,950	8.2	4/	—	—	—	—	110.0
1985	4.3	1,875	8.1	4/	—	—	—	—	105.0
1986 2/	3.9	1,825	6.4	3/					
Total Wisconsin binder (types 54-55)									
1977	12.0	2,032	24.4	40.0	64.4	19.3	19.3	.1	85.0
1978	12.1	1,678	20.5	45.1	65.4	20.1	20.1	•	100.5
1979	12.9	1,942	25.0	45.5	70.5	21.4	21.4	•	117.0
1980	12.9	2,015	26.0	48.9	74.9	21.5	21.5	•	125.0
1981	13.7	1,924	26.4	53.6	80.0	20.0	20.0	•	110.6
1982	10.1	1,984	20.1	60.0	80.1	19.8	19.8	•	103.7
1983	8.6	1,941	16.7	60.3	77.0	18.5	18.5	•	109.6
1984	8.1	2,025	16.4	58.5	74.9	17.5	17.5	•	110.5
1985	8.2	2,141	17.6	57.4	75.0	16.5	16.5	•	103.0
1986 2/	6.6	1,959	12.8	58.5	71.3				
Total Cigar binder (types 51-55)									
1977	13.4	2,007	26.8	44.3	71.1	21.1	21.1	.1	88.4
1978	13.6	1,684	22.9	50.0	72.9	22.2	22.2	.1	105.6
1979	14.4	1,911	27.5	50.8	78.3	23.6	23.4	.2	120.9
1980	14.4	1,885	28.6	54.6	83.2	23.5	23.5	.2	129.9
1981	15.4	1,932	29.8	59.7	89.5	22.5	22.4	.1	118.9
1982	12.2	1,939	23.6	67.1	90.7	23.1	22.9	.2	115.2
1983	10.0	1,920	19.2	67.6	86.8	21.6	21.4	.2	115.5
1984	9.2	1,998	18.3	65.2	83.5	20.2	19.9	.5	116.4
1985	9.3	2,102	19.6	63.3	82.9	18.5	18.2	.3	110.8
1986 2/	7.7	1,909	14.7	64.4	79.1				
Connecticut Valley shade-grown (type 61)									
1977	3.3	1,544	5.1	8.9	14.0	4.7	.5	4.2	600.0
1978	2.7	1,392	3.8	9.3	13.1	5.0	.1	4.9	750.0
1979	2.7	1,472	4.0	8.1	12.1	5.4	.5	4.9	850.0
1980	3.0	1,515	4.5	6.8	11.3	5.9	2.3	3.6	980.0
1981	2.6	1,592	4.1	5.3	9.4	4.5	2.9	1.6	1000.0
1982	1.1	1,421	1.6	4.9	6.5	3.2	2.2	1.0	1250.0
1983	1.0	1,706	1.7	3.3	5.0	1.3	.4	.9	1100.0
1984	1.2	1,414	1.7	3.7	5.4	2.7	.7	2.0	1250.0
1985	1.4	1,501	2.0	2.7	4.7	2.6	.6	2.0	1265.0
1986 2/	1.4	1,500	2.0	1.7	3.7				
Total shade-grown (types 61-62) 5/									
1977	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	591.4
1978	2.7	1,392	3.8	12.7	16.5	6.3	1.0	5.3	750.0
1979	2.7	1,472	4.0	10.2	14.2	6.5	1.1	5.4	850.0
1980	3.0	1,515	4.5	7.8	12.3	6.1	2.2	3.9	980.0
1981	2.6	1,592	4.1	6.2	10.2	5.0	3.4	1.6	1000.0
1982	1.1	1,421	1.6	5.2	6.8	3.4	2.4	1.0	1250.0
1983	1.0	1,706	1.7	5.4	5.1	1.4	.4	1.0	1100.0
1984	1.2	1,414	1.7	5.7	5.4	2.7	.7	2.0	1250.0
1985	1.4	1,501	2.0	2.7	4.7	2.6	.6	2.0	1,265.0
1986 2/	1.4	1,500	2.0	1.7	3.7				
Grand total cigar tobacco (types 41-62)									
1977	34.7	1,900	65.9	119.5	185.4	95.2	90.0	5.2	114.9
1978	33.1	1,752	58.0	130.1	188.2	98.6	93.2	5.5	122.1
1979	31.6	1,684	53.2	129.9	183.1	99.7	93.8	5.9	136.4
1980	32.9	1,875	61.7	123.4	185.1	97.1	92.5	4.6	175.5
1981	33.6	1,914	64.3	130.0	194.3	98.0	96.1	1.9	138.5
1982	26.1	1,931	50.4	136.5	186.7	88.9	87.3	1.6	131.2
1983	20.9	1,889	37.8	137.8	175.6	46.7	45.2	1.5	145.7
1984	19.8	1,889	37.4	128.9	166.3	45.2	42.7	2.5	136.1
1985	20.1	1,965	39.5	121.1	160.6	41.8	39.2	2.6	155.1
1986 2/	17.9	1,821	32.6	118.8	151.4				

1/ October 1 for types 41-59; July 1 for types 61-62. 2/ Estimated, projected crop. 3/ Puerto Rican planting occurs late in calendar year. Price per pound excludes payment by Puerto Rican Government. 4/ Not available. 5/ Includes Georgia-Florida shade-grown, type 62, which has not been grown since 1978. All stocks of type 62 have been used. See TS-176 for annual supply and disappearance. •Less than 50,000 pounds.

Table 16--Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by State, 1982-85

State	1982		1983		1984 1/		1985 1/	
	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts
	Million	Percent	Million	Percent	Million	Percent	Million	Percent
North Carolina	1,233	31.4	1,020	28.1	1,054	25.6	997	26.4
Kentucky	923	31.9	793	28.9	756	28.5	694	26.0
South Carolina	219	19.8	195	19.7	188	16.6	179	17.8
Virginia	218	13.4	186	12.8	224	12.5	212	12.1
Tennessee	280	14.2	239	13.3	253	12.8	223	10.9
Georgia	189	5.8	164	5.1	155	4.3	146	4.7
Florida	36	.8	28	0.6	32	.7	31	.7
Maryland	58	5.6	57	5.5	32	2.7	42	3.7
Connecticut	33	10.1	22	6.8	19	5.3	22	6.3
Wisconsin	29	.6	21	.4	18	.3	18	.4
Ohio	43	1.2	40	1.1	38	1.1	36	1.0
Indiana	25	.6	23	.6	30	.8	29	.6
Massachusetts	15	4.2	5	1.2	3	.9	6	1.5
Pennsylvania	22	.7	20	.7	21	.7	21	.7
Missouri	12	.3	8	.2	10	.3	10	.3
West Virginia	6	2.7	9	4.2	6	2.5	5	2.2
United States 2/	3,342	2.3	2,831	2.1	2,841	2.0	2,671	1.9

1/ Subject to revision. 2/ U.S. total receipts from tobacco include relatively small receipts for a few States not shown separately.

Table 17--Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1976-85

Period	Net sales	Net income		Profit			
		Before income taxes	After income taxes	Per dollar of sales		Percentage of stockholders equity (annual basis)	
				Before Federal tax	After Federal tax	Before Federal tax	After Federal tax
	Million dollars			Cents		Percent	
1976	11,964	1,638	1,011	14.3	7.8	28.8	15.9
1977	13,696	1,938	1,239	14.2	9.1	32.0	17.5
1978	15,493	2,591	1,461	16.7	9.4	32.4	18.3
1979	1/ 15,331	2,740	1,752	17.9	11.4	30.9	19.2
1980	1/ 17,471	3,027	2,044	17.3	11.7	31.0	19.8
1981	1/ 20,228	3,560	2,221	17.6	11.0	30.8	19.2
1982	1/ 20,126	3,558	2,354	18.6	11.8	31.4	19.8
1983	1/ 21,185	3,440	2,589	16.2	12.2	29.8	18.5
1984	1/ 24,138	4,291	3,015	18.3	12.4	34.5	20.8
1985	1/ 25,096	5,596	3,447	22.6	13.8	34.8	21.2
Quarterly 1985							
1	5,695	1,048	701	20.1	12.3	30.7	18.8
2	6,571	1,338	813	21.1	12.4	36.7	21.5
3	6,151	1,338	1,091	28.7	17.7	41.0	25.3
4	6,679	1,388	842	20.4	12.6	30.8	19.1

1/ Excludes excise taxes.

Note: Includes non-tobacco enterprises of tobacco manufacturing corporations. Compiled from the Quarterly Financial Reports for Manufacturing Corporations. Federal Trade Commission--Securities and Exchange Commission.

Table 18--U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years 1984/85-1985/86 1/
declared weight

Importing country	Part year through April		
	1984/85	1984/85	1985/86
	Million pounds		
Flue-cured, types 11-14			
United Kingdom	20.1	19.5	14.6
West Germany	41.5	38.1	38.3
Japan	67.9	67.9	65.7
Netherlands	7.1	6.7	9.9
Thailand	11.2	11.2	5.5
Australia	7.3	7.3	6.4
Italy	14.9	14.6	10.5
Sweden	7.0	7.0	5.9
Norway	2.7	2.5	1.5
Finland	3.9	3.5	2.7
Denmark	11.2	9.9	6.7
Ireland	8.7	8.2	4.8
Belgium-Luxembourg	6.0	5.2	4.1
Switzerland	16.6	15.9	3.3
Republic of Korea	0	0	1.6
Philippines	5.0	2.3	3.7
Spain	27.0	24.7	17.2
Malaysia	6.4	5.3	4.8
Taiwan	21.9	21.9	20.4
Egypt	18.7	18.7	26.1
Other countries	32.7	30.1	27.5
Total	335.6	320.5	281.0
Burley, type 31			
Italy	9.0	8.9	7.6
Sweden	1.4	.2	1.6
Denmark	3.3	2.4	2.1
Netherlands	1.4	1.2	4.6
Japan	22.8	22.4	22.1
West Germany	21.7	16.6	13.7
Switzerland	10.8	6.8	1.7
United Kingdom	1.0	.7	.1
Thailand	6.6	6.2	7.5
Philippines	5.5	2.7	4.3
Other countries	18.8	12.1	9.9
Total	102.3	80.2	75.2
Maryland, type 32			
Belgium-Luxembourg	.3	.3	.2
West Germany	2.3	.8	1.5
Switzerland	2.3	1.2	.6
Other countries	1.9	.3	.3
Total	6.8	2.6	2.6
Ky.-Tenn. fire-cured, types 22-23			
Sweden	.6	.3	2.0
Netherlands	6.9	3.9	6.8
Belgium-Luxembourg	.2	0	*
France	2.3	2.0	1.7
Switzerland	.2	.1	.1
Other countries	2.5	1.5	.6
Total	12.7	7.8	11.2
Stems, trimmings, and scrap 2/			
Sweden	3.7	3.5	2.8
Denmark	6.8	9.8	2.1
United Kingdom	4.1	3.7	2.6
West Germany	7.9	4.4	4.7
Japan	13.3	13.3	16.0
Other countries	44.7	27.9	25.5
Total	80.5	58.6	53.7

Importing country	Part year through April		
	1984/85	1984/85	1985/86 2/
	Thousand pounds		
Va. fire & sun-cured, types 21 & 37			
Switzerland	54	0	0
Norway	1,472	1,064	700
Sweden	297	297	487
West Germany	319	212	0
Other countries	440	333	1,335
Total	2,582	1,960	2,522
One Sucker, type 35			
Bahamas	22	0	0
Zaire	0	0	0
Other countries	0	0	53
Total	22	0	53
Green River, type 36			
United Kingdom	5	0	0
Benin (Dahomey)	0	0	0
Zaire	0	0	0
Other countries	365	365	492
Total	370	365	492
Cigar filler, types 41-44			
Canada	15	0	0
France	0	0	0
Other countries	203	99	113
Total	218	99	113
Binder, types 51-55			
Dominican Republic	3	3	0
Switzerland	0	0	0
Canada	49	45	9
Other countries	227	149	125
Total	279	197	134
Cigar wrapper, types 61-62			
United Kingdom	0	0	0
West Germany	131	46	15
Canada	4	0	8
Dominican Republic	1,545	1,394	1,569
Netherlands	181	181	54
Other countries	122	98	139
Total	1,983	1,719	1,785
Black Fat			
Benin (Dahomey)	985	393	276
Cameroon	647	130	0
Niger	252	252	623
Nigeria	324	324	270
Togo	209	157	124
Other countries	253	161	713
Total	2,650	1,317	2,006

1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types. 2/ Subject to revision.
Details may not add to total because of rounding. Compiled from publications and records of the Bureau of the Census.

Table 19--Imported foreign-grown cigarette leaf stocks, by quarters, 1977-86 1/

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
				Million pounds				
	--- Foreign-grown flue-cured ---				--- Foreign-grown oriental and aromatic ---			
1977	100	102	109	117	397	365	362	347
1978	117	120	130	132	344	364	345	295
1979	132	133	147	157	326	359	366	350
1980	153	148	166	166	343	342	367	336
1981	152	140	161	167	316	332	324	320
1982	152	141	200	222	337	395	403	367
1983	207	207	213	237	366	408	422	377
1984	236	227	244	280	422	401	419	382
1985	264	242	267	261	363	372	366	344
1986	231	217			346	391		
	--- Foreign-grown burley ---				--- Total imported cigarette leaf ---			
1977	139	132	127	138	637	599	598	602
1978	140	136	150	174	601	619	625	601
1979	172	163	171	188	630	655	684	696
1980	187	192	213	216	683	683	746	719
1981	208	211	244	265	676	684	729	752
1982	272	263	271	290	760	799	874	879
1983	282	286	271	271	856	902	906	885
1984	275	267	288	282	875	894	951	944
1985	292	268	276	282	919	882	910	887
1986	258	248			835	856		

1/ Farm-sales weight.

Table 20 -Tobacco: U.S. Department of Agriculture price support loan and program operations and other expenditures, 1983-85

Item	Year ending September 30		
	1983	1984	1985 1/
	Million dollars		
	Price support loan operations		
New loans made	1,027.8	794.6	814.7
Repayments	148.0	448.2	359.3
Charged off	7.6	.1	.5
Net additions	872.2	346.3	307.9
Loans outstanding:			
Value	1,738.0	2,084.3	2,539.2
Quantity (mil. lbs.)	981.2	1,137.3	1,302.0
	CCC program operations		
Public Law 480 sales:			
Dollar credit	0	0	0
Export credit sales	(4.6)	(1.4)	0
Net realized loss 2/	3/ 11.9	.1	.5
Subtotal, net CCC costs	3/ 11.9	.1	.5
	Other expenditures		
Crop insurance, net	12.6	57.1	-2.6
Administration of quota program	12.3	13.4	11.5
Inspection, grading	4/ .1	4/ .1	4/ .2
Market news	.5	.6	.6
Research and extension:			
Production and marketing	2.8	3.0	4.7
Health related	5.1	5.3	5.3
Miscellaneous	.3	.4	.4
Subtotal, other	33.7	79.9	20.1
Net USDA costs	45.6	80.0	20.6

1/ Subject to revision. 2/ From price support and related programs. 3/ Includes adjustment for a prior years activity. 4/ User fees for tobacco grading initiated.

Compiled from Commodity Credit Corporation, Report of Financial Conditions and Operations, annual issues, 1983-85, CCC Estimates, ASCS Financial Management Division, and records of Office of Budget, Planning and Evaluation.

Table 21—Marketing quota referendums, by kinds of tobacco

Kind (type numbers in parentheses) and basis of quotas 1/	Last referendum				Next referendum	
	Date	Crops to which applicable	Number voting	Percentage voting in favor of quota 2/	Probable date 3/	Crops to which applicable
Flue-cured (11-14) Acreage-poundage	March 10-13, 1986	1986-88	83,449	93.7	Jan. 1989	1989-92
Burley (31) Poundage	March 24-27, 1986	1986-88	182,207	97.0	Feb. 1989	1989-92
Maryland (32)	Feb. 24-27, 1986	1986-88	1,058	21.1	Mar. 1989 4/	1989-92
Fire-cured (21-23)	Feb. 19-22, 1985	1985-87	8,489	92.6	Mar. 1988	1988-90
Dark air-cured (35-36)	Feb. 19-22, 1985	1985-87	7,356	93.5	Mar. 1988	1988-90
Va. sun-cured (37)	Feb. 24-27, 1986	1986-88	99	94.9	Mar. 1989	1989-92
Pa. filler (41)	Feb. 24-27, 1986	1986-88	344	13.4	Mar. 1989 4/	1989-92
Cigar binder (51-52)	Feb. 24-27, 1986	1986-88	84	8.3	Mar. 1989	1989-92
Cigar filler and binder (42-44, 53-55)	Feb. 27-March 1, 1984	1984-86	3,393	82.4	Mar. 1987	1987-89

1/ Quota based on acreage allotments unless otherwise specified. 2/ A majority of two-thirds or more of farmers voting is required for marketing quotas to become effective under the acreage allotment program or acreage-poundage program. 3/ Probable month, but referendums can occur earlier if warranted by pertinent considerations. 4/ Unless at least a fourth of the growers petition the Secretary of Agriculture in the interim.

STATISTICAL SUMMARY

Item	Unit or base period	1985		1986			Last data as percentage of a year earlier
		April	May	March	April	May	
Average price to growers							
Flue-cured	Ct. per lb.	closed	closed		closed	closed	
Burley	Ct. per lb.	closed	closed		closed	closed	
Maryland	Ct. per lb.	1.39	1.27		1.30	1.07	84
Virginia fire-cured	Ct. per lb.	closed	closed		closed	closed	
Ky.-Tenn. fire-cured	Ct. per lb.	closed	closed		closed	closed	
Ky.-Tenn. dark air-cured	Ct. per lb.	closed	closed		closed	closed	
Virginia sun-cured	Ct. per lb.	closed	closed		closed	closed	
Price support level 1/							
Flue-cured	Ct. per lb.	169.9			143.8		85
Burley	Ct. per lb.	148.8			148.8		100
Virginia fire-cured	Ct. per lb.	118.8			* *		
Ky.-Tenn. fire-cured	Ct. per lb.	123.0			* *		
Ky.-Tenn. dark air-cured	Ct. per lb.	104.7			* *		
Virginia sun-cured	Ct. per lb.	109.4			* *		
Misc. binder and Ohio filler	Ct. per lb.	90.7			* *		
Puerto Rican filler	Ct. per lb.	74.0			* *		
Parity index 2/	1910-14=100	1,128	1,133	—	1,102	—	98
Industrial production index 3/	1967=100	124.1	124.1	124.9	125.1	—	101
Employment	Mil.	106.9	106.9	108.8	108.9	—	102
Personal income 4/	Bil. dol.	3,288.6	3,271.2	3,407.5	3,446.9	—	105
		1985		1986			
		March	April	February	March	April	
Taxable removals							
Cigarettes	Bil.	54.8	45.8	43.2	51.5	—	94
Cigars and cigarillos	Mil.	248.4	240.9	198.9	227.3	—	92
Accumulated from Jan. 1							
Cigarettes	Bil.	145.6	191.4	84.6	136.0	—	93
Cigars and cigarillos	Mil.	692.9	933.8	424.5	651.9	—	94
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	5.1			4.7	—	92
Chewing tobacco	Mil. lb.	19.7			17.9	—	91
Snuff	Mil. lb.	11.3			10.8	—	96
Tax-exempt removals							
Cigarettes	Bil.	5.7	4.1	5.1	5.9	—	104
Exports	Bil.	5.7	3.0	5.3	5.0	4.3	143
Cigars and cigarillos	Mil.	9.8	7.2	6.5	9.2	—	94
Accumulated from Jan. 1							
Cigarettes	Bil.	16.6	20.7	10.7	16.6	—	100
Exports	Bil.	16.4	19.4	9.4	14.5	18.8	97
Cigars and cigarillos	Mil.	22.5	29.7	10.7	19.8	—	88
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	.1			.2	—	200
Chewing tobacco	Mil. lb.	.1			*	—	
Producer price indexes 5/							
Tobacco products	1967=100	420.6	420.7	451.5	451.6	451.5	107
Cigarettes (filtertip, king size)	1967=100	419.2	419.2	455.9	455.9	455.9	109
Cigars	1967=100	196.5	196.6	197.1	197.1	197.1	100
Smoking tobacco	1967=100	402.2	404.4	406.3	406.3	406.3	101
Snuff	1967=100	475.5	466.0	536.3	536.3	533.4	114
Consumer price indexes (urban)							
Tobacco products	1967=100	323.7	324.0	344.7	345.6	346.5	107
Cigarettes	1967=100	332.8	332.9	355.0	355.9	356.7	107
Other tobacco products 6/	Dec. 1977=100	164.7	165.5	171.3	172.5	173.1	105
Imports of tobacco (for consumption) 7/							
Cigarette leaf	Mil. lb.	23.2	26.2	19.1	34.7	42.5	162
Cigar tobacco (leaf and scrap)	Mil. lb.	2.7	2.7	3.9	3.8	3.0	111
Other tobacco (leaf and scrap)	Mil. lb.	1.5	3.9	3.6	2.7	2.2	56
Accumulated from Jan. 1 7/							
Cigarette leaf	Mil. lb.	81.1	107.3	46.0	80.7	123.1	115
Cigar tobacco (leaf and scrap)	Mil. lb.	13.5	16.2	6.9	10.7	13.7	85
Other tobacco (leaf and scrap)	Mil. lb.	8.4	12.3	6.3	8.4	10.6	86

See footnotes at end of table.

Item	Unit or base period	1985		1986			Last data as percentage of a year earlier
		March	April	February	March	April	
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	22.6	26.4	24.5	16.4	15.0	57
Burley	Mil. lb.	38.1	39.1	11.3	39.1	39.0	100
Maryland	Mil. lb.	.1	.2	.2	.7	.3	150
Virginia fire- & sun-cured	Mil. lb.	.4	.3	.2	*	.4	133
Ky.-Tenn. fire-cured	Mil. lb.	.7	3.6	2.7	2.2	1.4	39
Ky.-Tenn. dark air-cured	Mil. lb.	.1	.3	.1	.5	.2	67
Cigar wrapper	Mil. lb.	.2	.2	.4	.2	.2	100
Cigar binder	Mil. lb.	*	.1	*	*	*	—
Accumulated from beginning of marketing year 8/							
Flue-cured	Mil. lb.	432.7	459.2	371.6	388.0	403.0	88
Burley	Mil. lb.	81.2	120.4	34.6	73.7	112.7	94
Maryland	Mil. lb.	3.2	3.4	2.4	3.0	3.4	100
Virginia fire- & sun-cured	Mil. lb.	2.1	2.3	2.7	2.7	3.1	135
Ky.-Tenn. fire-cured 9/	Mil. lb.	5.4	9.0	9.3	11.5	12.9	143
Ky.-Tenn. dark air-cured 9/	Mil. lb.	1.1	1.4	1.3	1.9	2.1	150
Cigar wrapper	Mil. lb.	1.7	1.9	1.5	1.8	2.0	105
Cigar binder	Mil. lb.	.1	.2	.1	.1	.2	100
Cigar filler	Mil. lb.	.1	.1	.1	.1	.1	100
Exports of manufactured tobacco in bulk and not elsewhere classified 10/	Mil. lb.	2.1	3.8	10.7	11.5	11.4	300
Accumulated from Jan. 1	Mil. lb.	4.8	8.6	14.2	25.7	37.1	431

		Quarterly data				
		1985		1986		
Stocks of tobacco—1st of quarter (farm-sales weight) 11/		Jan.-Mar.	Apr.-June	Jan.-Mar.	Apr.-June	
Domestic types						
Flue-cured	Mil. lb.	2,451	2,239	2,361	2,132	95
Burley	Mil. lb.	1,699	1,689	1,715	1,710	101
Maryland	Mil. lb.	49	48	49	48	100
Fire-cured	Mil. lb.	68	104	81	115	111
Dark air- and sun-cured	Mil. lb.	45	56	52	58	104
Cigar filler	Mil. lb.	50	63	51	61	97
Cigar binder	Mil. lb.	62	75	56	86	115
Cigar wrapper	Mil. lb.	3	3	4	3	100
Under Government loan 12/	Mil. lb.	1,453	1,473	1,583	1,582	107
Foreign types						
Cigarette and smoking	Mil. lb.	919	882	835	856	97
Oriental	Mil. lb.	363	372	346	391	105
Flue-cured	Mil. lb.	264	242	231	217	90
Burley	Mil. lb.					
Cigar	Mil. lb.	91	85	89	86	101
Tobacco outlets 13/						
Seasonally adjusted data, annual rates, for charts						
Cigarettes						
Production	Bil.	672.8	638.8	631.2	605.0	95
Tax-paid removals	Bil.	574.4	601.2	536.9	560.0	93
Cigar production						
Large	Bil.	3.20	3.19	2.75	2.85	89
Small	Bil.	1.31	1.48	0.71	1.05	71
Smoking production	Mil. lb.	22.5	22.2	17.3	17.2	77
Chewing production						
Loose leaf	Mil. lb.	72.8	76.2	69.7	73.2	96
Plug and other	Mil. lb.	14.6	14.1	8.1	8.5	60
Snuff production	Mil. lb.	46.9	49.6	46.7	49.3	99
Exports of leaf						
Total	Mil. lb.	719.0	456.0	541.0	420.0	92
Flue-cured	Mil. lb.	420.0	218.0	248.0	160.0	73

1/ 1985 and 1986 crops, respectively. For 1985 crop, effective flue-cured support reduced to $1.65 a pound. Rebate of 25 cents a pound to buyers further reduced buyers' costs for flue-cured. 1985 burley support lowered from previously announced $1.788 per pound to $1.488 per pound under legislation signed into law on November 15, 1985. 2/ Prices paid by farmers including interest, taxes, and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable State and local taxes included. 6/ Includes tobacco accessories. 7/ Declared weight. Cigarette leaf includes flue-cured, burley, Oriental and stemmed cigarette leaf. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Includes Black Fat. 10/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 11/ Holdings of manufacturers and dealers, including grower cooperatives. 12/ Reported by grower cooperatives. 13/ Latest quarter is estimated. *Less than 50,000 pounds. **Estimated. Items may not add because of rounding. Data

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